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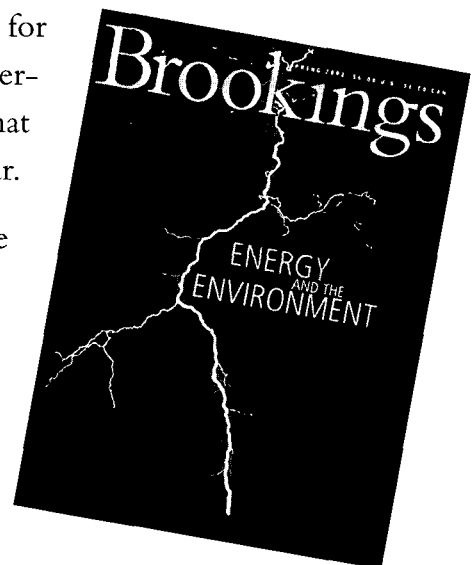
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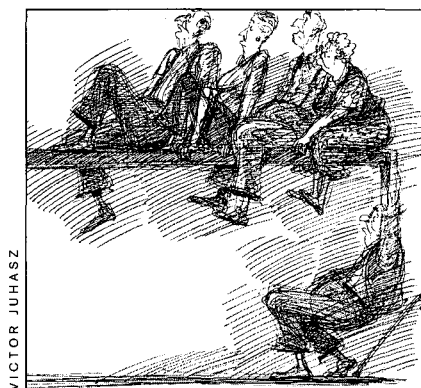
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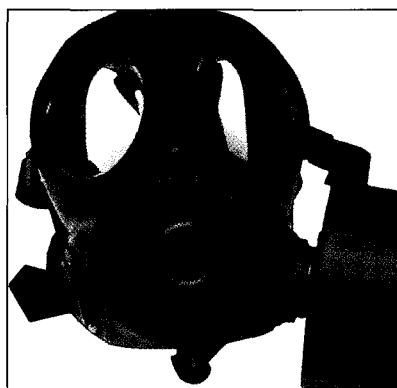
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SUMMER 2002 VOL. 20 NO. 3



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Coalition Management: A Preliminary Report Card

Michael H. Armacost

COVER: ORJAN ELLINGVAG/CORBIS SYGMA

Michael H. Armacost

Coalition Management: A Preliminary Report Card

The September 11 attacks on the World Trade Center and Pentagon were a grim reminder to the American people that in the struggle against terrorism, we can use all the help we can get. As Colin Powell acknowledged succinctly, “There are no unilateralists now.” In fashioning a counterterrorist coalition embracing virtually all civilized nations, President Bush, Powell, and others in the administration displayed remarkable dexterity and dispatch. Josef Joffe, a highly respected European observer, paid appropriate tribute to that achievement by noting, “Never in the history of diplomacy have so many been harnessed by so few in so short a time.”

for nearly half a century. And in 1990-91 another Bush administration did a masterful job of combining coalition diplomacy and force to evict Iraq from Kuwait.

To be sure, sustaining a coalition against terrorism presents novel challenges. Today the greatest threat to our national security comes not from another superpower, but from networks of murderous religious fanatics that possess neither territory nor any other attributes of sovereignty. It is doubtful, moreover, whether the normal logic of deterrence applies in dealing with Osama bin Laden and his al Qaeda operatives. They have demonstrated a readiness to die, as well as kill, in the name of religion. They honor no distinction between combatants and civilians. They count on stealth to conceal their identity as a means of escaping retaliation.

Still, terrorists operate in a geopolitical environment. Terrorist organizations cannot long survive without the support or acquiescence of governments. As we defend ourselves and our friends, many states appear prepared to help locate terrorists, track them down, bring them to justice, or eliminate them.

Coalition management, like all diplomacy, is more like directing an orchestra than composing a score. It demands the harmonization of many contributions. Judging from the record of the past nine months, the administration has demonstrated a natural aptitude for this diplomatic “core competence.”

The administration defined the enemy—Osama bin Laden’s al Qaeda network and other terrorist organizations “with a global reach”—with clarity. It has emphasized that our quarrel is not with the Arab or Muslim world, but with terrorists and those who extend them support, safe haven, or weapons of mass destruction. And the president clearly labeled our struggle as war, not a law enforcement matter.

Rather than trying to get everyone into the same tent, the administration has allowed the mission to inform the search for collaborators. In pro-

Nine months after the attacks, it seems clear that managing this coalition will be even more challenging than putting it together. Why? Because it includes countries, like India and Pakistan, that are often at loggerheads. Because moderate Muslim countries crucial to the coalition remain vulnerable to domestic destabilization. Because other governments whose participation is critical, including

many in Europe, entertain notions about the sources of international terrorism and appropriate remedies for it that diverge significantly from our own. Because some of our best friends, like the Israelis, are pursuing their own struggle against terrorist tactics in ways that, while understandable, also compound the difficulties of holding a global coalition together. And because as time passes, the moral clarity of the choices we confronted last September has begun to dissipate.

These difficulties notwithstanding, coalition management is one of the strong suits of American diplomacy. We organized and managed a global system of alliances against the Soviet Union



Michael H. Armacost, president of the Brookings Institution, served as ambassador to Japan from 1989 to 1993 and ambassador to the Philippines from 1982 to 1984.

moting intelligence sharing and law enforcement cooperation, it has properly cast a wide net. For complex military undertakings, it has been more attentive to operational considerations and has limited requests for allied assistance. In practical terms it is organizing coalitions of “the willing *and* able.”

The administration understands that in power politics “there are elephants and there are squirrels.” The particular attention it has paid to the major powers—the UK, Germany, France, Russia, China, Japan, and India—has clearly paid off.

Recognizing that the Arab and Islamic world is the main battleground of the antiterrorist campaign, the administration has consolidated and extended cooperative links with moderate Muslim countries, like Pakistan, Indonesia, Egypt, and Saudi Arabia, yet insisted that they terminate hate-mongering against America in their schools, mosques, and media.

While expressing skepticism about “root cause” theories of terrorism that highlight poverty or the Palestinian-Israeli struggle, the administration knows that it must counter al Qaeda efforts to tap into wider sources of resentment against the United States. A more active role in Middle East diplomacy and new economic aid reform proposals reflect this understanding.

The administration also realizes that our preeminence in many aspects of national power could prompt other great powers to coalesce to check our dominance. During the Cold War we reminded others of the value they derived from cordial relations with the United States by shouldering a disproportionate share of the costs of “common goods”—contributing generously to others’ security, promoting freer trade, and investing in transnational institutions even though they sometimes constrained our freedom of action. The administration’s gutsy decision to proceed with the World Trade Ministerial Talks in Doha last fall and its major effort to secure new Trade Promotion Authority illustrate its awareness of the continued importance of these “common goods” and our stake in supporting them.

Finally, the administration has encouraged a bipartisan approach to counterterrorism and sought to elicit Democratic Party support in Congress for its diplomatic and strategic priorities.

To be sure, there have been slips, and

there’s plenty of work left to do. Differences over strategy within the administration still fuel European complaints about U.S. “unilateralism,” and key allies continue to pursue policies at cross purposes with ours toward Iraq, Iran, and North Korea. Cultivation of the Russians is paying off, yet until recently too little of Washington’s dialogue with Moscow has been devoted to preventing weapons of mass destruction from “leaking” into the hands of terrorists. The administration has brought in help from Madison Avenue to help make its case in the Arab world, yet efforts to encourage Muslim clerics to brand terrorist tactics as religious apostasy have produced, to date, only mixed results. Recent protectionist measures on steel and textiles may have been embraced to win congressional support for Trade Promotion Authority legislation, but they surely complicate relations with key allies as well. Not all these problems can be laid at the door of the administration. It could use the help of a Democratic Party analogue to Senator Arthur Vandenberg, President Truman’s Republican partner in an earlier era of coalition building.

Adjusting coalition diplomacy to a new organizing principle—counterterrorism—is no easy task. The perils we confront are real; the policy circuits may be overloaded; the struggle we have joined will surely be protracted.

All these are additional reasons to approach the decision to strike militarily at Iraq with patience. Key allies are not yet convinced of the need for military action, yet it is hard to envisage a successful military campaign without active help from Turkey and Kuwait and the acquiescence of the Saudis. The Middle East strategy on which we have embarked requires strong pressure on Israel that is hard to imagine with midterm elections looming. Implementing revised sanctions against Iraq and pressing the United Nations to send unconstrained weapons inspectors to Baghdad, even if ultimately unsuccessful, will take some time but could help lay the necessary predicates needed to secure allied support for future military action. In the end, we will have to do most of the “heavy lifting” vis-à-vis Iraq by ourselves. But we’re more likely to maximize support from our coalition partners if we exhaust other means of dealing with Iraq first.

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*Design and art direction by
Jeffrey Kibler/The Magazine Group*

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Printed in U.S.A.

*Subscriptions: one year \$19.95
(\$29.95 foreign); two years \$34.95
(\$56.95 foreign); three years \$52.95
(\$83.95 foreign). (800) 275-1447;
(202) 797-6258*

Postmaster, send address changes to:

*Brookings Review,
1775 Massachusetts Ave., N.W.,
Washington, D.C. 20036*

*Second-class postage paid
at Washington, D.C.
USPS I.D. No. 010-099;
Publication No. 551640.*

Reprint permissions: (202) 797-2483

*U.S. newsstand distribution by:
Ingram Periodicals Inc.
1240 Heil Quaker Blvd.
La Vergne, Tenn. 37086
(800) 627-6247 (ext. 4500)*

*Brookings Review
(ISSN 0745-1253) is published
quarterly by the
Brookings Institution Press.*

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By James Steinberg

A New
Organizing
Principle for
American
National
Security?

Counter

In his address to Congress nine days after the September 11 attacks, President Bush declared war on global terrorism and announced his intent to deploy “every resource at our command” to defeat terrorist networks and to treat states that harbor and support terrorism as “hostile regimes.” The speech appeared to presage a political reorientation of U.S. foreign and security policy on a scale not seen since the early days of the Cold War, comparable in scope to the Truman Doctrine and the adoption of the strategy of containment in the late 1940s.

The experience of the Cold War illustrates the potentially far-reaching consequences for foreign (and domestic) policy of a decision to make antiterrorism the organizing principle for U.S. international relations and domestic security. During the Cold War, the United States defined its relations with other countries through the benchmark of who was with us and who against us in the struggle against communism and the Soviet Union. We built alliances with democracies and authoritarian governments alike if they shared our commitment. We organized our military forces and doctrine to shape that struggle. We intervened politically and militarily based on a perception of how regional conflicts and national governments would affect the East-West balance.

terrorism

We helped reconstruct Europe and Japan and provided foreign aid based on those same criteria. We supported a defense-industrial establishment to assure the wherewithal to sustain our technological edge. We even sent a man to the moon to demonstrate the superiority of Western democracy over Soviet totalitarianism and the command economy.

To the extent that counterterrorism becomes a comparable, new organizing principle, it will have similarly widespread consequences for a broad range of U.S. policies. Nearly nine months after the September 11 attacks, it is now possible to see the extent—and the limits—of counterterrorism as an organizing principle for U.S. foreign policy.

New Friends

The clearest impact of this strategic shift can be seen in the reorientation of U.S. relations with key international partners, particularly in connection with the military operations in Afghanistan. Perhaps the most dramatic illustration is Pakistan. Just before September 11, U.S. relations with Pakistan had sunk to unprecedented lows. Pakistan’s nuclear weapons program had led to strict sanctions; formerly close military ties had been cut off; and further sanctions had been imposed when General Pervez Musharraf ousted the elected government of Nawaz Sharif in 1999. Pakistani support for Islamic militants in Kashmir threatened to land Pakistan on the U.S. terrorism list, and persistent economic mismanagement imperiled Pakistan’s rela-

tionship with the International Monetary Fund.

What a difference a day makes. Following the September 11 attacks and Musharraf’s decision to provide political and military support to the U.S. effort to oust the Taliban, Musharraf became a welcome interlocutor, and a meeting was arranged with President Bush in New York. Sanctions were quickly lifted, and new aid totaling \$1 billion was offered along with promises of more debt relief. In the war against terrorism, Pakistan is once again a U.S. ally.

Similar though less dramatic changes have marked U.S. relations with Central Asian countries. Although Washington had begun to develop ties with former Soviet states in the 1990s, serious concerns about repressive regimes, lack of democracy, and corruption were a brake on moves to further deepen the relationship. Yet, as Uzbekistan and Tajikistan opened their territory to stationing U.S. forces, the Bush administration began to be more forthcoming, both in economic and military assistance and in political support, to these new partners.

Other adversaries-turned-friends include Yemen, seen before September 11 as noncooperative in investigating the bombing of the USS Cole in 2000, and Sudan, long the object of U.S. criticism for a broad range of policies. No doubt wishing to avoid the Taliban’s fate, both governments have shown new zeal in counterterrorism cooperation with Washington.

For the United States and India, September 11 has strengthened ties that had already begun to improve with President Clinton’s visit in 2000. The U.S. military action in Afghanistan ousted India’s nemesis, the Taliban, which had supported Islamic militants in Kashmir. And India’s positive disposition has been further enhanced by the U.S. decision to resume military sales, which had been cut off for decades.

Even before September 11, Russian testiness about missile defense, proliferation, and its military operations in Chechnya had been easing with the budding personal tie between Presidents Bush and Putin. But the courtship blossomed into a full-blown romance when Putin was the first to call Bush after the attacks, offering not only political support, but invaluable intelligence cooperation and the benefit of Russia’s own difficult experience in Afghanistan. In return, Washington has softened its rhetoric on Chechnya, shown new flexibility in discussing arms control and Russia’s entry into the World Trade Organization, and become more forthcoming on Russia-NATO ties—although taking care not to appear to give Russia a veto over NATO military decisions.

U.S.-China relations too have felt the transformative winds of September 11. Relations had warmed considerably from the early days of the Bush administration—when the new team had spoken of China as a strategic competitor. But following the World Trade Center and Pentagon attacks, China supported the United States in the Security Council, and while not exactly endorsing the military effort in Afghanistan, conspicuously refrained from attacking it. And the United States reciprocated. During President Bush’s trip to Shanghai for the APEC summit in October, the dialogue with President Jiang steered clear of blunt talk that might have been anticipated just a few months earlier. Bush avoided public confrontations on the familiar

James Steinberg is vice president and director of the Brookings Foreign Policy Studies program.

sources of disagreement—from Tibet to Taiwan to proliferation—and the largely cooperative tone continued during Bush's second visit to China in February.

The search for new partners in the fight against terrorism found support in unexpected quarters. For example, the Bush administration found a new predicate for seeking to improve its relations with a frequent nemesis—President Mahatir of Malaysia, whose own struggle with Islamic extremists in his country put Malaysia “on our side” in the counterterrorism campaign.

In the first weeks following September 11, it even appeared briefly that the new counterterrorism paradigm might portend a new opportunity for rapprochement between the United States and Iran. Although U.S.–Iran relations were confrontational on the eve of the attacks, in their immediate aftermath President Mohammad Khatami strongly stated his sympathy for the victims and, even more notably, granted the United States overflight rights for humanitarian and search-and-rescue operations in Afghanistan. But the honeymoon proved short-lived. Intelligence reports linked Iran to arms sales to the Palestinian Authority and to ongoing support for terrorist groups in the Middle East. The administration claimed that Iran was undermining Hamid Karzai's interim government in Afghanistan. Iran soon found itself on the “axis of evil”—“against us” in the new bipolar geopolitics of counterterrorism.

Old Friends

September 11 was also consequential for America's traditional partners worldwide. Europe's initial response was overwhelming sympathy: even the traditionally skeptical French press declared, “We are all Americans.” NATO allies invoked for the first time the “Article 5” guarantee to come to the aid of any alliance member who was attacked; they conducted sweeping raids on suspected al Qaeda members throughout Europe.

But some Europeans felt slighted that the United States did not make greater use of the NATO military apparatus in Afghanistan or act quickly to incorporate other European military forces into Operation Enduring Freedom. Those who had hoped that Washington would turn away from what they feared was excessive unilateralism were initially comforted by the U.S. approach to Afghanistan (including securing a United Nations Security Council resolution), but disquiet grew as the rhetoric shifted to the axis of evil and the focus appeared to shift from stabilizing Afghanistan to overthrowing Saddam Hussein.

U.S.–Japan relations also received a boost. Determined, after the shock of September 11, to demonstrate that Japan could provide not just financial support, but meaningful operational assistance to the military effort in Afghanistan, Prime Minister Koizumi won approval for changes in the interpretation of Japan's constitution that permitted Japan to deploy forces to the Indian Ocean. Although the Diet imposed some restrictions, such as a time limit on the deployment, the policy change was momentous. And in a sign of the broad effect of September 11, it received a muted reaction in both Beijing and Seoul.

By contrast, U.S.–South Korean relations, already rocked by disagreements over what strategy to pursue toward North

Korea, were further troubled by Bush's decision to include North Korea as the eastern wing of the axis of evil. Although the move appeared again to distance the United States from President Kim Dae Jung's sunshine policy, its long-term impact is uncertain. Despite the rhetoric, the Bush administration continued to advocate dialogue with North Korea, and coming elections in South Korea could bring to power a government more in tune with Washington.

The Middle East: Testing Ground for the New Paradigm

In perhaps no corner of the world does the counterterrorism paradigm have the potential to transform U.S. policy more than in the Middle East, where relations with traditional Arab partners Saudi Arabia and Egypt are now in question. For many in the United States, both in and out of government, the rise of al Qaeda can be directly linked to the policies of the Saudi government—suppressing dissent at home but supporting fundamentalism abroad, with deadly consequences for the United States. Tensions were exacerbated by a perception that the Saudi and Egyptian governments failed to speak out forcefully against the attacks, tolerated (if not encouraged) anti-Americanism in their state-sponsored media, and offered only lukewarm military support for the operation in Afghanistan. Some members of Congress have proposed cutting U.S. aid to Egypt and withdrawing U.S. military forces from Saudi Arabia.

The Middle East has also demonstrated the tensions inherent in a single-minded application of counterterrorism as an organizing principle. As the suicide bombings against Israel intensified through last fall and winter, the government of Ariel Sharon sought to wrap its forceful response in the mantle of Bush's categorical language against those who harbor terrorism—and for a time, the Bush administration largely adopted a similar view, ostracizing Yasser Arafat and placing the onus on the Palestinian Authority to halt the violence. But it became apparent, during Vice President Cheney's trip to the Middle East in March, that the deepening violence had become a major obstacle to the administration's strategy to remove Saddam Hussein. Thus, as Israel accelerated its military moves following the Passover suicide bombings, the administration was finally forced to call for limits on Israel's use of force and defend Arafat's continued involvement in the peace process. In short, the administration came to realize that it had to juggle multiple objectives and interests, not all of which could fit into the “with us or against us” mantra of the counterterrorism paradigm. But critics of this shift denounced it as a betrayal of “moral clarity” in the campaign against terrorism.

The administration's efforts to calm the Israeli-Palestinian conflict were motivated in part by its own plans for “regime change” in Iraq. Although the nexus between Iraq and al Qaeda remains in dispute, Iraq's robust weapons of mass destruction program is universally acknowledged—as is the possibility that Iraq might share its know-how with terrorists. But, as Cheney learned during his trip, Arab willingness to support Bush's counterterrorism agenda on Iraq depends on U.S. willingness to address the Arab priority—the Palestinian issue.

New Priorities

September 11 has also changed American priorities. Just a month before the attacks, President Bush welcomed Mexican President Vicente Fox to Washington, proclaiming the bond with Mexico to be our nation's most important relationship. Today, the two countries are focusing not on deeper integration, but on how to secure the U.S. border.

During the presidential campaign of 2000, candidate Bush denounced the Clinton administration's preoccupation with "nation building." But after the Afghan military operation, President Bush committed the United States to "helping to build an Afghanistan that is free from this evil and is a better place in which to live," citing the post-World War II examples of the Marshall Plan in Europe and the reconstruction of Japan.

Similarly, Bush initially placed little emphasis on foreign aid as a tool of foreign policy. But the need to win friends who felt the administration was doing too little to address the "root causes" of terrorism prompted Bush to double aid spending for 2003.

Perhaps the biggest question mark about the impact of September 11 concerns the U.S. balance between unilateralism and multilateralism. Before September 11, concern was growing abroad about the administration's preference for unilateral action and its skepticism about international institutions and treaties—from the Kyoto Climate Change Protocol, to the Comprehensive Test Ban Treaty, to the International Criminal Court, to the Anti-Ballistic Missile Treaty. But after the attacks, perceptions began to shift, as the administration patiently assembled an international coalition before launching a military attack on Afghanistan. Secretary Powell famously observed, "We're so multilateral it keeps me up 24 hours a day checking on everybody." How significant the change is may become clearer as the administration develops its strategy toward Iraq—in particular, whether it attempts to build an international coalition focusing on Iraq's noncompliance with Security Council resolutions on eliminating weapons of mass destruction before using force to overthrow Saddam Hussein.

A Sustainable Focus?

The U.S. campaign against terrorism will be a long one. Terrorism is the most serious threat to the safety of Americans today, and the growing proliferation of weapons of mass destruction makes the threat likely to become all the more dangerous. But terrorism is not the only peril. As the administration has recognized, some governments pose a threat to our interests whether or not they are aligned with terrorists. Other transnational threats include organized crime, drug trafficking, and proliferation of weapons of mass destruction, as well as risks posed to the stability of the international financial and trading systems, to resources like energy and water, and to global environment and health. A sustainable counterterrorism strategy must recognize that there is no one-size-fits-all approach to counterterrorism and that the effort must be integrated into a larger strategy that allows the United States to reap the benefits and counter the dangers of our increasingly interdependent world.

What, in practical terms, does this mean to the United

States? Allies and partners are crucial in the fight against terrorism. However powerful the United States may be, it will need to rely on others to carry out this multifaceted challenge. To sustain those partnerships, the United States must be prepared both to consult meaningfully (not just to inform) and to be responsive to other nations' priorities. While it will always be possible to cobble together coalitions of convenience, durable alliances provide special advantages—reliability, habits of cooperation, and shared outlooks.

By building on the international support it gained in the wake of September 11, the United States has a unique opportunity to revive ties with traditional friends and build new relationships with former adversaries. If the administration can capitalize on its successful coalition-building effort for the Afghan war, we could see the emergence of a new, more constructive set of relationships among most, if not all, global actors.

The counterterrorism campaign has both a short-term and a long-term dimension. To thwart the immediate threat, the emphasis must necessarily be on law enforcement, intelligence, and, occasionally, military tools. But in the long run, terrorist networks will reconstitute themselves unless we make it harder for them to recruit new members and sustain their activities. This means helping to build stable, prosperous, democratic societies in countries that have seen too little of all three, particularly in the Arab world, Africa, and parts of Central, South, and Southeast Asia.

No single approach will fit all circumstances. Different terrorist groups pose different challenges and require different tools, even as we categorically condemn their methods. The threat posed by al Qaeda differs from the threat posed by the Irish Republican Army or even by the bloody suicide killers of the Tamil Tigers. Often a political approach will be necessary to separate terrorists from publics with political grievances as a parallel track to counterterrorism.

Washington must not lose sight of broader U.S. interests. The administration's decision to boost foreign aid represented a sound recognition that poverty, ignorance, and disease threaten our interests. So does excessive reliance on partnerships of convenience with countries that don't share our values. During the Cold War, from Iran to Latin America, we discovered the long-term costs of relationships of short-term expediency.

Finally, it is essential to maintain the vitality of key international institutions. Granted, these institutions pose constraints, but they also provide important leverage and burden sharing. As we have learned in the Balkans and in Afghanistan, there are many tasks the United States doesn't want to take on alone (or at all). Organizations like the UN or the Organization for Security and Cooperation in Europe can provide an important alternative.

By placing counterterrorism in the framework of securing our broader national interests, the United States will not only be more effective in reducing the long-term threat from terrorists, but will also help assure that the fight against terrorism does not inadvertently weaken our overall security and prosperity. ■

National Security

Is the Defense Budget Sustainable?



VS. Social Security

By John Spratt and Hugh Brady

As a presidential candidate, George W. Bush vowed to make the Pentagon “embrace the productivity revolution that has transformed American business.” He promised to “force new thinking and hard choices” at the Pentagon and held out the prospect of “skipping” a whole generation of weapons technology.

Yet the defense budget for fiscal year 2003—the Bush administration’s first reach for these lofty aims—offers no sense of tectonic plates in motion. Close readers will look in vain for new thinking, hard choices, or better practices. The president’s budget plots an ambitious ramp-up in defense spending over the next five years, propelled, at least nominally, by the war on terrorism and homeland security.

From 2003 to 2012, defense funding will increase \$557 billion more than is needed to keep even with inflation. During the same period, the president’s budget calls for tax cuts of \$675 billion (on top of those enacted last year). In the language of policy wonks, an “on-budget deficit” results every year. In plain English, the president’s budget will tap the Social Security trust fund far into the future.

What the president is said to seek in defense is nothing less than “transformation,” a term with no settled meaning, which helps it gain acceptance. Though transformation means different things to different people, to many it promises more for less, at least over the long run. To borrow a phrase used by Admiral William Owens, former vice chairman of the Joint Chiefs of Staff, transformation

can mean that we can buy more “tooth” (combat fighting

ability) and less “tail” (overhead and support costs). But it is hard to discern significant savings or a shift in the “tooth to tail” ratio in the president’s budget, even as it moves toward 2012.

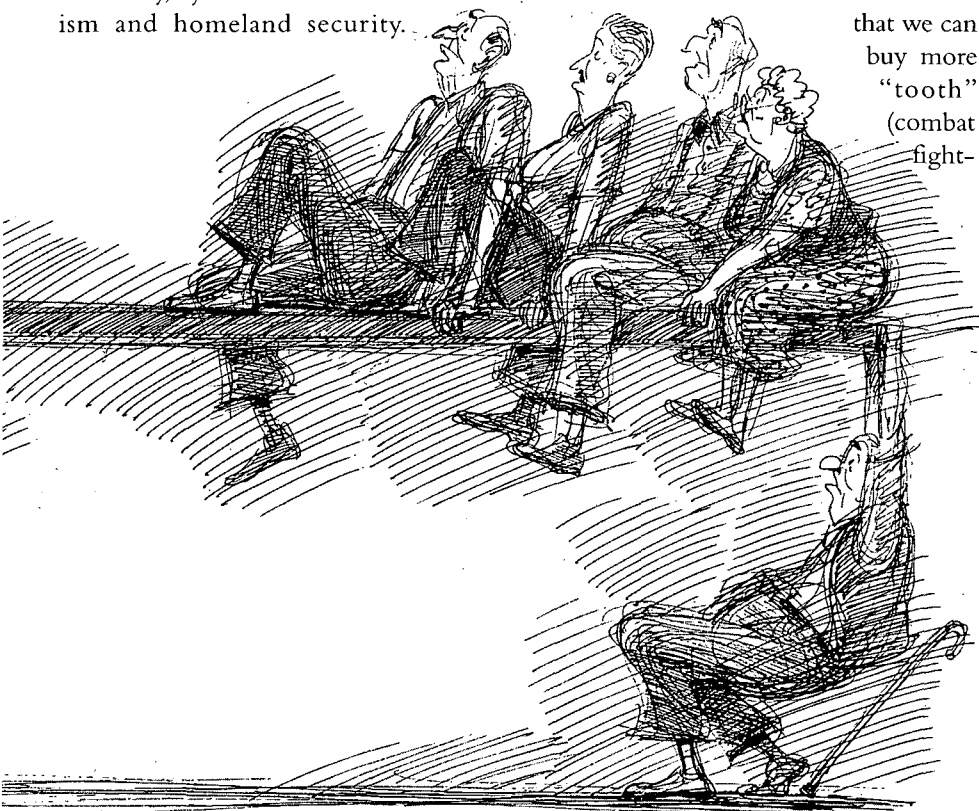
The budget raises two crucial questions. Does it take national defense down a path that can be sustained? And will that path lead to a truly transformed defense?

The Defense Buildup

Under the president’s budget, funding for the Department of Defense increases from \$331 billion for 2002 to \$379 billion for 2003 and continues growing until it reaches \$451 billion in 2007. At that point the “Future Years Defense Plan” ends; thereafter funding is indexed up each year at the rate of inflation. As figure 1 indicates, when measured in real (inflation-adjusted) dollars, the department’s budget will be larger than its average budget in any of the past five decades except for the 1980s. By 2007 it will reach virtual parity with defense spending in the 1980s.

Only about one-third (\$14.7 billion) of the 2003 increase is directly attributable to homeland security and the war on terrorism. And though that increase is substantial, homeland security and the war make up only 8 percent of the Defense Department’s overall budget for 2003 (figure 2). The 2003 budget includes a \$10 billion “reserve” fund for the war on terrorism, an increment that is not included in the years beyond 2003.

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VICTOR JUHASZ

Congress will fund the war on terrorism and support the increases for homeland security. But much of what the administration is seeking is not driven by the war or homeland security, which raises the question of whether the rest of this buildup is politically sustainable. From the 1980s through the mid-1990s, Social Security surpluses were used to finance deficits on other operations of government, rather than to retire Treasury debt and free private savings for real investment, but the practice was widely disavowed when the budget moved into surplus in the late 1990s. Terrorism has given the president dispensation once again to use Social Security surpluses to pay for deficits in the rest of government operations; and his budget taps these surpluses every year of its 10-year forecast, consuming in all likelihood the entire surplus of \$2.5 trillion and continuing to borrow heavily even after the “baby boomers” begin to retire in 2008.

The Bush budget thus delivers a coup de grace to all the “lock-boxes” proposed over the past several years. Granted, the lock-boxes were gimmicks, but at their core was a sound concept. Instead of borrowing and spending the Social Security surpluses, the government would use them to buy back Treasury debt held by the public, thus adding more than \$3 trillion to net national saving, boosting the economy, and in time retiring virtually all of the Treasury’s debt owed to the public. After 2026, when revenues coming into Social Security are no longer sufficient to meet benefits

being paid out, the trustees will be forced to liquidate trillions of dollars of trust fund bonds. If Treasury then owes relatively little debt to the public, it will be in far stronger shape to redeem these bonds.

This plan was a first step toward strengthening the U.S. economy so that it would be better equipped to shoulder the increased pension and health costs for a growing dependent population. The president’s budget dashes any hope of implementing it now, but it enjoyed broad bipartisan support, at least until September 11.

As long as the case for more defense spending is compelling, its urgency may override all others, but the needs of the baby boomers remain and cannot be avoided. When French Foreign Minister Pierre Laval suggested that the Soviet Union should encourage Catholicism in order to be a better bulwark against Nazi Germany, Stalin is said to have asked disdainfully, “The Pope? How many legions has he got?” The baby boomers have many legions: 77 million marching to retirement and all expecting their full entitlement. Their claims start coming due in six years.

To see how the political pendulum can swing, recall the Reagan defense buildup. In 1980, just before President Reagan came to office, defense spending constituted 23 percent of all budget outlays and 5.3 percent of gross domestic product. Reagan proposed a five-year plan to boost the Pentagon’s share of the budget to 38 percent and its share of GDP to 7.1 percent by 1986. At the same time, he proposed substantial tax cuts and

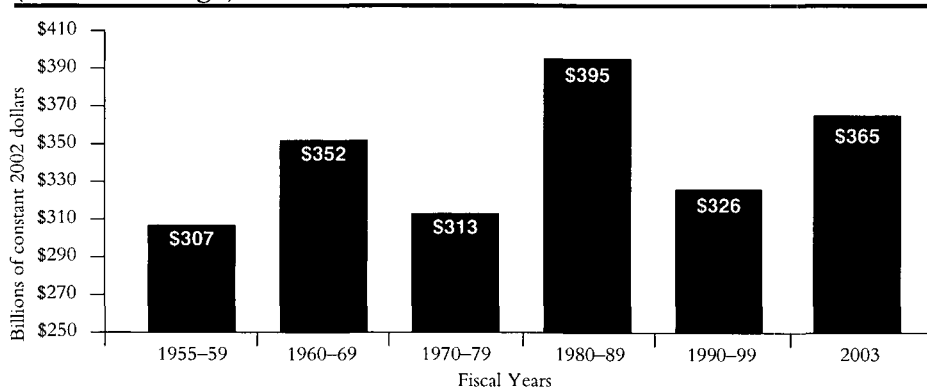
largely spared the country any “guns-for-butter” trade-off. For four years, defense took precedence over the deficit. By 1985, defense spending had doubled, but with deficits rising endlessly, sentiment began to shift. When Congress passed the Balanced Budget and Emergency Deficit Control Act—better known as Gramm-Rudman-Hollings—in 1985, the pendulum swung back; reducing the deficit took priority over defense. Secretary of Defense Caspar Weinberger kept proposing larger defense budgets—his budgets peaked at well over \$400 billion in 1989—but until the Persian Gulf War, defense funding did not rise above \$300 billion, and in real terms, it declined.

Social Security, important as it is, is only one of many competing needs. Its companion entitlement, Medicare, is another, and in time it could constitute a greater claim on GDP than Social Security, particularly if Congress adds prescription drug coverage to the hospitalization and medical care coverage. The Bush budget for 2003 diminishes the competition from Medicare on paper by projecting that the program will grow by \$226 billion less than the Congressional Budget Office estimates it will grow over the next 10 years.

Defense spending is appropriated annually and competes most directly with other nonentitlement programs also appropriated annually. Under Bush’s 2003 budget, defense funding averages 7 percent annual growth through 2007. Funding for other appropriated programs (excluding homeland security) averages an anemic 1.2 percent growth rate, well below that of inflation. Given the popular support for education, highways, law enforcement, Amtrak, veterans’ medical care, the National Institutes of Health, the National Science Foundation, and much more, it is doubtful that nondefense discretionary spending can be kept below inflation for the next five years and beyond, but the Bush budget proceeds on that wishful assumption.

If the CBO is right about cost growth in Medicare and if the increase in non-defense appropriations merely keeps up with inflation, these two accounts alone will require about 93 percent of the funding that the Bush administration has

Figure 1. Defense Department Budgets, 2003 and Five Decades Past (Annual Average)



Source: House Budget Committee Democratic staff.

designated for real growth in defense between now and 2012. Defense is the fastest-rising spike in the president's budget, but it will face stiff competition from other stakeholders.

Abandoning Reform

Congress will grant the president's request for 2003 because it wishes to present a united front in the war on terrorism. But the ease with which the Defense Department budget passes will be deceptive. As 2007 approaches, the budget increases will become more and more difficult to sustain.

If the Pentagon is to sustain its budget through 2007 and beyond, it needs to be a good steward of the money now being lavished on it. To many, "transformation" has to include "transformed management"—out of practical as well as political necessity. If the Defense Department is bent on change, one would expect to find evidence of better practices in the way it manages its most challenging programs—for example, ballistic missile defense. Many programs fall under this umbrella. The Navy's most basic system, known as "Area Wide," was canceled only months ago for subpar performance. A space-based sensor, SBIRS-Low, was almost killed by Congress in 2001 and will probably be redesigned before a decision to procure it is made. Even the most technologically mature ballistic missile defense program, the PAC-3 system, is experiencing cost-control problems. To this list, the Pentagon proposes to add three more kinetic interceptors, two ship-based and one space-based. And it proposes to take its airborne laser, a theater missile defense system in early development, and empower it to "fry" intercontinental ballistic missiles in the boost phase.

Ballistic missile defense spending went up nearly \$3 billion in the president's first budget and will increase \$3 billion more over the next five years. How does the Defense Department propose to manage so much money on such ambitious programs? It has come up with a "spiral" acquisition system that will dispense with most of the oversight that ensures accountability. Giving the Missile Defense Agency full rein, the

Pentagon will not define what threats ballistic missile defense systems have to defend against, will not set performance standards or milestones that the systems must meet, and will not establish baseline cost estimates by which they must be measured.

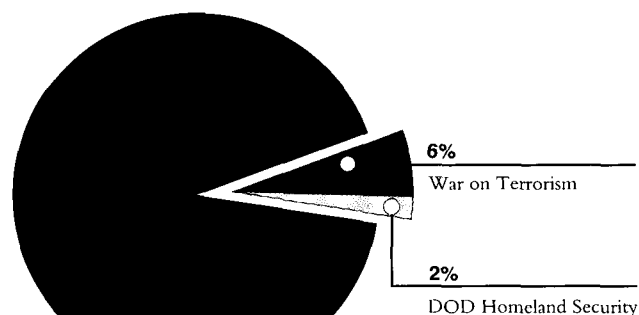
If better business practices are not apparent, what about demonstrable savings? In June 2001, Secretary Rumsfeld told the House Armed Services Committee that he would be seeking at least \$347.2 billion for the Defense Department for 2003, an increase of \$18.3 billion over the 2002 request. At the time, the increase seemed sizable, even to him, and he asked the right question and then answered himself, "So where do we find the money for the rest of our needs? We simply have got to find cost savings. We have an obligation to the taxpayers to spend the money wisely." Pentagon officials claimed in testimony that the budget reflects \$9.3 billion in savings for 2003, but a close study of the list of savings uncovers only one-fifth of that figure. More than half, \$4.8 billion, is unspecified. If the Pentagon cannot identify the savings as it is writing the budget, it is highly unlikely to find it while the money is being spent. Another 30 percent of the listed savings, \$2.8 billion, is claimed from either postponing or restructuring programs. These steps may save money in one year but are not truly savings because they merely postpone costs. That leaves \$1.7 billion—less than one-half of 1 percent of the overall Defense Department budget—in "savings."

In a 10-year budget committed to transformation, one would expect to find, in Admiral Owens's phrase, more "tooth" and less "tail." And one would expect savings from transformation to be evident as the budget approaches 2012. But only one day after seeing this budget, Owens, himself an ardent advocate of transformation, denounced it in the *New York Times*. He noted that "only

30 percent of the DoD budget is spent for direct war-fighting capability ('tooth') while 70 percent is spent on overhead and infrastructure ('tail'). No community would tolerate 7 out of every 10 police officers sitting at their desks pushing paper. The nation should not tolerate such a ratio in the military."

The source of virtually all the "tail" costs that Admiral Owens finds indefensible is the Operations and Maintenance accounts—the "mother lode" of readiness funding. These accounts fund training, exercises, and operations; they buy spare parts, fuel, ammunition, and all the other supplies and materiel that the military needs to operate. And they have been increasing inexorably. The force structure approved by the Bush administration is essentially the same as that adopted by the Clinton administration in 1997 (see table 1), which, in turn, was only marginally different from that adopted in 1993. Yet the cost of operating and maintaining it has been rising in real terms at an annual average rate of 3.5 percent since 1997 (even excluding

Figure 2. The 2003 Defense Budget: Shares for the War on Terrorism and Homeland Security



Source: House Budget Committee Democratic staff.

the costs of the war on terrorism from 2002 and 2003). Operations and Maintenance is taking a bigger and bigger bite out of the Pentagon budget, and no one can say precisely why. The Congressional Budget Office examined one conventional explanation—that older equipment costs more to maintain—and found it unsupportable. If the "tooth to tail ratio" is to change, this trend must be understood and dealt with. The Bush budget for 2003 merely brushes over it.

Table 1. Force Structure, 1997 and Current Plan

	1997		CURRENT PLAN	
	ACTIVE	RESERVE	ACTIVE	RESERVE
Army Divisions	10	8	10	8
Marine Corps Divisions	3	1	3	1
Aircraft Carriers	11	1	12	0
Carrier Air Wings	10	1	10	1
Attack Submarines	50	0	53	0
Surface Combatants	106	10	102	11
USAF Fighter Wings	12+	8	12+	7+

Source: Department of Defense

Transformation

In his September 1999 speech at The Citadel, candidate Bush boldly promised: "We will modernize some existing weapons and equipment, necessary for current tasks.... The real goal is to move beyond marginal improvements—to replace existing programs with new technologies and strategies. To use this window of opportunity to skip a generation of technology."

In his 2003 budget, President Bush pulled his punches. The administration made no discriminating selection of those systems "necessary for current tasks." All Cold War "legacy" systems survive and most flourish. The budget spends more, to be sure, but on a force that has remained basically the same for the past 10 years. The president does not terminate any of the three major tactical fighters—the F/A-18 E/F, or the F-22, or the Joint Strike Fighter—or several other systems, such as the Comanche helicopter or the V-22 tilt-rotor aircraft that is plagued by stubborn development problems and fatal crashes.

Instead of making choices and plowing the savings into research and development, the president's budget effectively freezes Science and Technology, the accounts that fund the breakthroughs in research. Overall research and development goes up, but much of the increase is driven by ballistic missile defense. The 2003 budget essentially freezes the Science and Technology accounts at \$9.9 billion, about the same as in 2002 and 2001. In fact, if the \$600 million in S&T funding primarily geared to homeland security (chemical and biological agent detection) is

excluded, the Bush administration is spending less on S&T for 2003 than the Clinton administration did for 2001. Whether one believes in evolution or revolution of defense systems and strategy, one has to agree that these accounts must be well funded if we are to transform the technology of war.

Indeed, if transformation means anything to its advocates, it means a revolution in the implements of war. That is the kind of change implied by Governor Bush in his Citadel speech: "Power is increasingly defined, not by mass or size, but mobility and swiftness. Influence is measured in information, safety is gained in stealth, and force is projected on the long arc of precision-guided weapons. This revolution perfectly matches the strengths of our country...."

Advocates of radical change may be dismayed, but they should not be surprised. Bush is not the first presidential candidate to use rhetoric—"missile gaps" and "windows of vulnerability"—to good effect in his campaign and then, faced with the reality of governing, to jettison such ideas, in this case "skipping a generation of technology." In reality most weapon systems are the products of evolution rather than revolution; and systems like the V-22 should make us wary of what can happen when the envelope is pushed too far.

On the campaign trail, it is bold to talk of "skipping a generation" and easy to disparage the "legacy force" for its attachment to weapons and war-fighting doctrines that worked in the past. But it is the legacy force that protects us and our interests around the world—and the Bush budget for fiscal

2003 reflects that fact. The budget is also an early warning of how costly it will be to maintain a legacy force, modernize and train a transitional force, and at the same time, develop a transformed force.

None of this is to say that the quest for transformation is futile. But radical change requires more than rhetorical commitment—and far more than the president's budget offers in focus, trade-offs, and far-sighted investment.

Return to Hard Choices

Until September 11, the defense budget seemed destined for moderate increases at most. Secretary Rumsfeld sought to raise his budget for fiscal year 2002 by \$40 billion, on top of a \$10 billion increase already provided in Clinton's budget. The Office of Management and Budget held the increase to \$18.4 billion. In the aftermath of September 11, the Pentagon quickly made up the difference. Congress provided it supplemental funding of \$17.5 billion in the fall of 2001 and is now considering its request for another \$14 billion. On top of that, OMB granted the Defense Department an increase of \$49 billion for fiscal 2003 in the regular budget request.

This may be good news for the Pentagon, but not necessarily for reform. With plentiful budgets, the Defense Department will be spared hard choices and relieved of the fiscal pressure to change. Legacy systems will not be winnowed out; overhead will not be streamlined; and better business practices may not be implemented. A bulging defense budget will make it seem that we can have it all, a legacy force and a transformed force too, modernized systems and futuristic systems both. But when the war on terrorism winds down, and domestic needs, especially the retirement of the baby boomers, take precedence again, we may find ourselves with an amalgam of old and new systems, waning support for defense, and funds too little to take transformation on to fruition. The president declared at The Citadel that we are entering "a period of consequences." If the hard choices for defense are not made soon, the consequences may not be the ones that he intended. ■

Protecting the. American Homeland

Governor Ridge's Unfinished Work

Almost half a year after creating the Office of Homeland Security, how well is the Bush administration doing in improving protection of the United States against terrorist attacks? No major assaults have been launched since September 11, giving a first impression that the effort is going well. But al Qaeda has historically spaced its most horrific terrorist actions by a year or two and may need longer this time given the crushing blow dealt it in Afghanistan over the fall and winter, so the absence of attacks since September 11 may not mean much. The fact is that despite impressive progress posted to date, the administration has yet to develop general plans, much less request budget proposals and implement programs, for a range of threats. As a result, the country is still rather vulnerable.

Michael O'Hanlon is a senior fellow in the Brookings Foreign Policy Studies program. This article is drawn from Protecting the American Homeland: A Preliminary Analysis, by Michael O'Hanlon, Peter Orszag, Ivo Daalder, L.M. Destler, David Gutter, Robert Litan, and James Steinberg (Brookings, 2002).

By Michael O'Hanlon



SHAWN THERIAULT PHOTO

To be sure, a large, free, and open country cannot make itself invulnerable to terrorism. An effective homeland security strategy can, however, greatly reduce the odds that the most deadly and costly types of terrorist attack will be carried out. Seen in that way, the goal of providing good homeland security is far from hopeless. But efforts to date are far from sufficient.

The Bush Plan

The Bush administration's budget plan for fiscal year 2003, released in February, includes \$38 billion in proposed homeland security funds. It emphasizes five broad initiatives: airline and airport security, preparations for biological attack, border security, information technology, and consequence mitigation for any attack that takes place despite our best efforts to prevent it. The plan would build on accomplishments to date and make the country more secure. It is a good start.

But the plan has two shortcomings—perhaps reflecting the haste with which it was necessarily developed. First, it is directed too narrowly toward possible recurrences of attacks like those in 2001 and earlier—through airliners or anthrax or conventional weapons bombings—rather than toward developing a more comprehensive agenda. It rightly focuses on the “last war” but does not also focus on the possible next one. Second, it does not do enough to *prevent* terror attacks. The nation can and must do more to keep terrorists and dangerous

framework for homeland security and a preliminary agenda for identifying and mitigating current U.S. vulnerabilities to terrorist attack. Perhaps two-thirds of the agenda overlaps considerably with the administration plan. But the remaining one-third differs in important ways. By our estimates, even if the entire \$38 billion Bush homeland security budget were implemented, between \$5 billion and \$10 billion more would be needed for other measures that promise considerable security benefits at a modest cost. The agenda includes several recommendations that go well beyond known Bush administration plans: expanding personnel and information technology in the nation's domestic law enforcement agencies; expanding the Coast Guard and reforming the Customs Service by having it adopt fundamentally new concepts for cargo inspection; protecting major buildings and facilities, especially their air intake systems, against biological agents; protecting buildings against conventional explosives and fires; improving security for the nation's nuclear power plants, toxic chemical plants, and biological research facilities; and improving safeguards on trucks carrying hazardous materials. In what follows I will consider several of these areas in somewhat greater detail.

Using Information Technology to Prevent Attacks

To stop terrorists before they can act requires using information effectively—collecting, collating, analyzing, sharing, and

The Bush administration needs to add prevention to its current broad

materials out of the country, to preempt any terrorists who might get into the United States, and to keep them from acquiring dangerous materials once they are here.

This lack of attention to preemption and prevention here at home must be addressed. The administration is right to focus on some elements of border security and on improving the country's ability to respond to attacks. It is also right to try to improve protection for certain highly vulnerable key domestic sites such as airports. On these matters—consequence management, some elements of border security, and some aspects of domestic protection—the administration is on the right track, though it still has much work to do. But it needs to add a fourth basic tier of defense, *prevention*, to its current broad strategy for homeland security.

The administration itself recognizes that its budget plan is incomplete. Governor Tom Ridge and his Office of Homeland Security continue to work on a strategic plan for protecting the United States that is due out this summer. But given Ridge's unwillingness to testify before Congress and the lack of public debate about that strategic plan, it is impossible to know if the deficiencies are being rectified.

The Brookings Plan

A team of seven Brookings researchers has developed a broad

then deploying it promptly and in useful form. Although considerable resources go into all these tasks today, serious shortfalls remain. Equally important, today's information strategy lacks an overall architecture. Massive information collection can be of little value until the data are shared in a usable way. Likewise, widely shared raw data will be of little use until collated and combined meaningfully.

In any prevention-based information strategy, the FBI will be crucial. It is a core agency in collecting information about potential terrorists, a focal point for collating and analysis, and—as a law enforcement agency—an essential user of information. Before September 11, roughly 25 percent of the FBI's nearly 9,000 special agents in the field were assigned to counterintelligence or counterterrorism duties. After the attacks, the FBI shifted several thousand agents to such activities. Clearly, FBI manpower needs expanding.

The Bush administration has proposed adding 450 counterterrorist agents, but last December, the FBI was already using 3,000 more agents for counterterrorism than it had budgeted. It should add 5,000 more intelligence agents, as well as more language specialists for counterterrorism and counterintelligence—at a cost of \$750 million to \$1 billion a year.

Wiser use of state and local law enforcement officers can also improve information collection, surveillance, and law enforce-

ment. Here the challenge is not manpower, but better training and resources. Improved training would help officers use information to identify potential terrorists, and added resources would help them share data with federal officials quickly, allowing them to apprehend or interdict potential terrorists.

Both the public and private sectors are improving their ability to collect and analyze data. The FBI can search e-mail traffic for specific senders, recipients, and keywords. Its Magic Lantern capability can surreptitiously record keystrokes on targeted computers, thus circumventing encryption. Software that matches digital images of faces to suspects in a database can help track and apprehend terrorists before they strike. Expanding the development and application of such technologies, while enhancing their privacy-protection features, is essential.

A central element in a prevention-based information strategy is visas. Today the U.S. visa system is in such disarray that the government often cannot say whether a visa holder who has entered the country remains here. The Immigration and Naturalization Service estimates that 40–50 percent of illegal immigrants in the United States entered the country legally but overstayed their visas. In 1996 Congress required the INS to automate the collection of entry-exit data, but deadlines have had to be extended to 2003 at airports and seaports and to 2005 at all other ports of entry. A new system to

privacy protection while mobilizing information to fight terrorism. For example, because it is easier to monitor how officials access and use electronic records than to track how they use paper records, using electronic records can improve privacy protections. Requiring court supervision of collection methods and use can also enhance privacy protection. Equal care should be paid to the use of public data by private entities. Authorization controls can be used to assure that, say, an airline representative can gain access to information on John Doe about prior convictions on immigration violations or about his presence on a watch list that could justify more intense scrutiny—but to nothing else.

Another key link in the nexus between information strategies and prevention is the driver's license, which is issued by states and generally accepted in other states as valid identification. Rules for issuing licenses, however, vary widely. Seven of

strategy for homeland security.

track student visa holders is scheduled to be in place next January.

But even if reliable information on visa overstays existed, affected agencies do not have the resources to make full use of it. With only 2,000 investigators and intelligence agents, the INS is already overextended. Agency manpower will have to grow. Adding 10,000 people throughout all affected agencies would cost roughly \$1.5 billion a year.

Progress must be made sharing and collating data in other areas. The FBI is taking steps to better share information from its Integrated Automated Fingerprint Identification System, the National Crime Information Center, and Law Enforcement On-Line. But problems remain. The NCIC, for example, has no data about immigration status or minor crimes, and state and local law enforcement authorities often fail to enter relevant data promptly. Tying together disparate data sources, linking databases run by incompatible systems, and expanding the use of handheld computers by law enforcement agents at all levels will require several billions of dollars in investments.

Fears are often expressed that massive data sharing would move the United States closer to “big brother” practices having nothing to do with preventing terrorism. Policymakers can and should take such concerns into account to improve

the September 11 terrorists had Virginia drivers' licenses (though none lived in Virginia) and used them to board airplanes, use credit cards, and open bank accounts. States should standardize rules for issuing licenses and require biometric information and a digitized photo on all licenses. And the nation should publicly debate the desirability of a national ID card, which I am personally inclined to favor.

The Coast Guard and Customs

The Coast Guard and the Customs Service are crucial elements in bolstering the nation's defense against terrorist access by sea. The Coast Guard, the country's principal defense against illicit shipping, would be critical for stopping explosives or weapons of mass destruction headed for an American city on a ship. It is also responsible for preventing attacks against major ports crucial in military contingencies.



The Coast Guard operates on about \$6 billion a year and employs some 35,000 active-duty personnel, making it less than one-tenth the size of the army or navy. Its fleet is simply too small for the new tasks assigned it since September 11. Within a month of the attacks, it was patrolling 72 security zones around major naval bases, key landmarks, and oil refineries near major cities; by December, the number exceeded 100. It inspected all vessels in New York harbor; guarded prominent ports and cities such as New Orleans; patrolled waters near certain of the country's 68 nuclear power plants along navigable waterways; and boarded and searched cruise ships. The pace of these and similar security measures increased nearly tenfold.

The 1,000 foreign-flag ships reaching U.S. shores every week pose a huge challenge to the Coast Guard. Port and waterway security alone requires almost the equivalent of a full Coast Guard fleet operating at normal tempo; other Coast Guard activities have been sharply curtailed. Many of its new missions seem likely to remain important indefinitely, though the pace of operations should slow. Efficiencies will be found; in the end, homeland security may take no more than 25 percent of total Coast Guard effort. Still, its fleet and budget will need to grow by roughly 20 percent.

Just as the Coast Guard takes the lead in providing security along waterways, the Customs Service is chiefly responsible for finding and stopping illicit cargo hidden within shipborne containers—or trucks or aircraft. Its roughly \$2.4 billion budget supports some 20,000 employees monitoring trade at 300 points of entry and observing borders elsewhere for possible contraband. Customs has typically inspected about 2 percent of all containers arriving at U.S. shores, less than 5 percent of those arriving overland. Those figures may have grown closer to 10 percent since September 11, but huge numbers of potentially deadly containers still go uninspected.

Steve Flynn, Coast Guard officer and researcher at the Council on Foreign Relations, has proposed developing a database for real-time tracking of containers headed toward the United States using a new system whereby many goods would be inspected, generally by the companies shipping them, before reaching U.S. shores or land borders. The benefits for large shipping and trucking companies could be great: in exchange for cooperating with port authorities to implement tighter security precautions and for monitoring their own cargo and loading zones, they could avoid long customs lines when bringing merchandise into the United States. Customs agents could focus their limited resources on monitoring and inspecting shipments that did not undergo such offshore procedures, thus avoiding the need to expand capabilities tenfold.

Protecting Buildings from Biological Attack

The air intake systems of many large buildings are an Achilles heel for this nation. Many are accessible and exposed to a terrorist armed with even small amounts of a biological or chemical agent. And most buildings lack good filters to clean up any biological contamination that gets into the system.

Air intakes on major U.S. buildings should be made as inaccessible as possible. In some cases, this may require little more

than locking doors. In others, protective housing may need to be constructed. Still others may entail relocating air intake systems, particularly when they are being replaced anyway. Most existing large buildings could be protected at a modest cost, typically no more than tens or hundreds of thousands of dollars per building. (Insurance companies could provide incentives for buildings' owners to take the more costly approach of relocating or replacing existing air and heat systems.) Adopting such measures for all of the nation's 4.6 million commercial buildings, 99 percent of which house fewer than 250 workers, would nonetheless be prohibitively expensive and unnecessary, so such measures should be concentrated on the nation's 500 or so skyscrapers, each with an average occupancy of perhaps 5,000 people. Information from Michael Janus of Battelle indicates that air filtering systems for such buildings might cost about \$1 billion. Replacing filtering systems as needed thereafter, as well as routine maintenance, might cost several hundred million dollars a year nationwide.

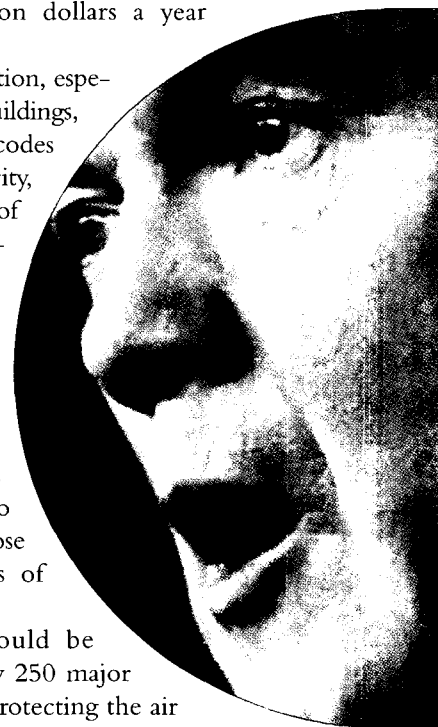
Another avenue of protection, especially in new commercial buildings, is tougher building safety codes that focus on structural integrity, minimizing the probability of collapse even after an explosive attack, and making the buildings more resistant to fire. Given the costs of "hardening" new buildings and the trade-off between risk and cost, any such "anti-terrorism" building codes should probably apply only to the largest new structures, those that would hold thousands of people.

Similar precautions should be taken at the nation's roughly 250 major sports arenas and stadiums. Protecting the air intake systems and otherwise hardening these structures could cost about \$1 billion.

Getting On with the Job

This agenda is challenging but hardly excessive. Even once fully adopted, federal homeland security programs would constitute only 0.5 percent of GDP and about one-seventh of total defense spending. State, local, and private-sector expenses together would be comparably costly. But many of those costs are already being paid, so the need for additional resources is limited.

The Bush administration has done a fairly good job to date of improving the country's protections against terrorist action here at home. But its efforts are not yet sufficient and have not been adequately subjected to congressional and public oversight. It is time to broaden the debate and get on with the job. We may not have much time to lose. ■



Behind America's Front Lines

Organizing to Protect the Homeland

By Ivo H. Daalder
and I. M. Destler

How well America protects its homeland against terrorist attack will depend in large measure on how its government is organized to meet the threat. The challenge is profound. Few government activities are at once so crucial and so difficult to manage. Responsibility for homeland security is widely dispersed, not only within the federal government but also among state and local authorities and the private sector.

Just *counting* the federal departments, agencies, and offices involved in homeland security is problematic. According to the Office of Management and Budget, nearly 70 agencies—excluding the defense and state departments and the intelligence community—spend money on counterterrorist activities. One organizational chart of federal agencies involved in homeland security depicts 130 separate boxes. Even by more discriminating accounting standards, anywhere between 40 and 50 agencies are involved in homeland security.

This diffusion of responsibility is inherent in the problem these agencies seek to tackle. Homeland security is, by its very nature, a highly decentralized activity. Ultimately, it depends on good decisions by the hundreds of thousands of border guards, immigration officers, customs agents, doctors, nurses, firefighters, and police officers who guard America's frontlines. Managing, coordinating, leading, and mobilizing these people so that their individual decisions add up to a nation more secure, better prepared, and more responsive to the terrorist threat—that is the organizational challenge of homeland security.

Consolidation or Coordination?

The federal government has two ways to go about the job. One is to consolidate homeland security-related governmental units within a lead agency—either an

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OSCAR SOSA/AP

existing one or a new one. The other focuses on interagency (and intergovernmental) coordination, with a single White House–based entity tasked with bringing together all the agencies responsible for different aspects of homeland security.

The lead agency approach has clear advantages. Assigning responsibility to a single agency provides a focal point in a diffuse landscape of interests and capabilities, thereby enhancing accountability. Merging critical functions dealing with frontier security, infrastructure protection, and emergency response into distinct directorates within a lead agency should ease communications and make it easier to implement agreed policy. And empowering the new entity with direct budgetary authority and political responsibility should make it a major player in the overall homeland security effort.

But the problems of this approach outweigh the benefits. The homeland security mission involves, by definition, many more entities than can be brought under a single roof. Left outside will necessarily be the most important agencies—the Department of Defense, the Department of Justice and the FBI, the Department of Health and Human Services and the Centers for Disease Control and Prevention, and the CIA and other parts of the intelligence community. And a Department of Homeland Security cannot, by definition, include state and local government authorities.

So even if a consolidated agency is created, effective coordination will still be essential. But assigning that function to the head of a new homeland security entity, even if that official were given cabinet rank, would be a mistake. A cabinet secretary with direct authority for some (but not most) relevant homeland security activity would likely be perceived as partial toward the functions she or he supervised and would likely be resisted by cabinet officials with major authorities of their own (the attorney general, for example, or the secretary of health and human services), just as the secretary of state—repeatedly called on to exercise government-wide foreign affairs leadership—comes up against the

Department of Defense and the intelligence community.

Coordination is never easy, but it tends to work better when the leader is perceived as an honest broker and can evoke the authority of the White House. If the coordinator is seen as a competitor, other agencies whose cooperation is crucial are likely to balk at following its lead, and bureaucratic fights over turf become pervasive.

Building on Bush Administration Reforms

An alternative, drawing on parallel experience in the national security and economic policy areas, is to establish a focal point for coordination in the Executive Office of the President. That is the approach adopted by the Bush administration. As spelled out in the president's executive order, the main coordinating body is the new Homeland Security Council (HSC), supported by a new Office of Homeland Security (OHS) under the direction of Governor Tom Ridge. The HSC is composed of the president; vice president; attorney general; secretaries of treasury, defense, health and human services, and transportation; and the directors of the Federal Emergency Management Agency, the FBI, the CIA, and the OHS. The council, "responsible for advising and assisting the President with respect to all aspects of homeland security," is "the mechanism for ensuring coordination of homeland security–related activities of executive departments and agencies and effective development and implementation of homeland security policies." Since its establishment, it has met as often as twice a week, with the president in attendance.

This organizational structure puts Ridge in a strong position and gives him important levers of power within the executive branch that, if employed wisely, can help overcome many of the organizational difficulties inherent in the task—including especially the wide dispersal of authority and capabilities that need to be brought together. By chairing all interagency committees, Ridge and his office have the power to set the agenda, convene meetings, and forge

consensus. But wielding that power effectively requires subtlety on Ridge's part. He needs to gain the cooperation of the many cabinet secretaries and agency directors who ultimately will have responsibility for taking the actions that make our homeland safe. Neither Ridge nor anyone on his staff has the authority to tell others what to do—that must come from the acquiescence, if not support, of Ridge's peers themselves.

Ridge's power must be nurtured and protected or it will be ephemeral. Battles inevitably loom with cabinet colleagues. He must be careful about which battles he chooses to fight—and he must win most of them, particularly during his first year.

The early returns are not uniformly encouraging. While Ridge worked hard with others to create a national terrorist alert system, the ultimate authority for determining alert levels was vested in the attorney general, even though Ridge was arguably better placed to do so. And whereas Ridge championed the establishment of a new, independent border agency through the consolidation of the Coast Guard, Customs Service, Border Patrol, and Agricultural Quarantine Inspection Agency (see box), he was ultimately forced to join a consensus in favor of something far less. If such defeats—real and perceived—become a pattern, Ridge will lose credibility. Over time, few will defer to him, and fewer still are likely to follow his lead.

Statutory and Budgetary Authority

Ridge's inability or unwillingness to fight and win some of the tough organizational battles has begun to affect his stature in Washington. The press focuses more on his defeats than on his victories. Pundits are concerned about the slow pace of putting in place a visible homeland security structure and strategy. And politicians both fret about Ridge's refusal to testify on Capitol Hill and worry about his lack of formal authority within the executive branch.

To answer his critics and enhance his overall authority, Ridge's position should be established in law rather than by executive order as it is now. His job by its nature is far more operational and pub-

licly involved than is the norm for those holding White House-based advisory positions (like the national security adviser and national economic adviser). He therefore needs to work regularly with Congress and to use congressional hearings as a platform for national leadership in the war against terror. Someone needs to be accountable to Congress for the executive branch's management of homeland security—and Ridge is that person.

Therefore, the president should seek, and Congress should enact, a bill establishing the Homeland Security Council and the Office of Homeland Security in the Executive Office of the President. The bill, which should allow for maximum operating flexibility, should establish Ridge's job as a confirmable position, with rank and salary at the level of the director of the Office of Management and Budget.

Congress should also grant Ridge's office special budgetary authority to help it pull together a comprehensive, integrated homeland security budget and to give Ridge some degree of authority over agency budgets. To tie the homeland security budget effort to the presidential budget process run by OMB, Congress should make the chief OHS budget person the OMB associate director responsible for homeland security.

Improving control and authority over the executive branch's budget process is only half the job. Congressional procedures must also be reformed. Though Ridge worked hard to present a unified homeland security budget to Capitol Hill last February, once it arrived it was quickly disaggregated and its components distributed among multiple appropriations subcommittees. There they will be weighed not in relation to overall homeland security needs, but within such jurisdictions as Commerce, Justice, and State; Defense; and Labor, Health and Human Ser-

vices, and Education. What the executive branch has laboriously pulled together, Congress will quickly pull apart. The obvious remedy, difficult though it may be to implement, is to establish new appropriations subcommittees on homeland security in both houses. If that proves too large a reform to swallow, a second-best alternative would be for the appropriations committees as a whole to take up and pass the integrated homeland security budget.

Looking Ahead

Leading the homeland to greater security against terrorism is a daunting challenge. Any new leader and organization would need simultaneously to act boldly to establish their authority and to feel their way as they learn what works and what does not. It is best to conceive of this task not as one of organizational centralization and consolidation, but rather one of cross-governmental coordination, mobilization, and leadership, with priority given to establishing collaborative, positive-sum personal relationships at senior levels.

If the task is undertaken in this manner, there is room for cautious optimism as to its achievement. The keys to success are two. Governor Ridge must convince his cabinet colleagues that their ability to get things done depends crucially on their working together within the coordinated process Ridge runs. And the president must back Ridge fully in that effort. In the end, Ridge's power and authority—and the president's homeland security organization—depend on the willingness of all the other important players to work with rather than against the president's point person for homeland security. As the struggle over border agency consolidation in early 2002 demonstrated, that is easier said than done. But without it, an integrated approach to homeland security will remain beyond reach. ■

An Independent Federal Border Agency?

Combining dozens of government agencies with a wide variety of responsibilities into a single Department of Homeland Security is too ambitious a consolidation to be workable. But merging agencies that perform similar functions is another matter.

Today, responsibility for securing and monitoring the people, cargo, and conveyors that cross U.S. land and air borders is scattered among many different agencies housed in no fewer than six distinct cabinet departments—State, Justice, Treasury, Transportation, Agriculture, and Defense. That disarray prompted Tom Ridge last December to propose to merge at least some of these entities into an independent border agency.

Ridge's proposal met with predictable resistance. None of the departments wanted to give up their control over border security functions. And all of the agencies worried that any of their current duties not related to terrorism would receive shorter shrift if they were merged into a border agency whose primary task would be to prevent terrorists and weapons from entering the country.

The case for the status quo, however, is extraordinarily weak. Not a single one of the entities that would be merged into a federal border agency is central to the mission of its cabinet-agency home—not the Customs Service, not the INS enforcement arm, not the Agricultural Quarantine Inspection Agency, not the Coast Guard. The cabinet secretaries gave no serious attention to any of them before September 11. Yet Ridge proved unable to overcome their resistance and, rather than push the president to endorse his idea, he worked to achieve a consensus for a more modest—and largely ineffectual—reorganization. Last March, the HSC unanimously recommended bringing the Customs Service into the Justice Department and merging it with the enforcement arm of the INS into a separate agency, thus perpetuating the parochialism that has characterized past border security efforts.

The president would do well to reject the recommendation and instead back Ridge's original proposal to create a larger, independent border agency. In addition to the Coast Guard, Customs, the INS's enforcement arm, and the agricultural inspection agency, the president and Congress should also consider including the newly created Transportation Security Agency responsible for airport security and the State Department's Bureau of Consular Affairs in the consolidated agency.

A Complicated Intersection Public Action to

Protect Private

By Robert Litan and Peter Orszag

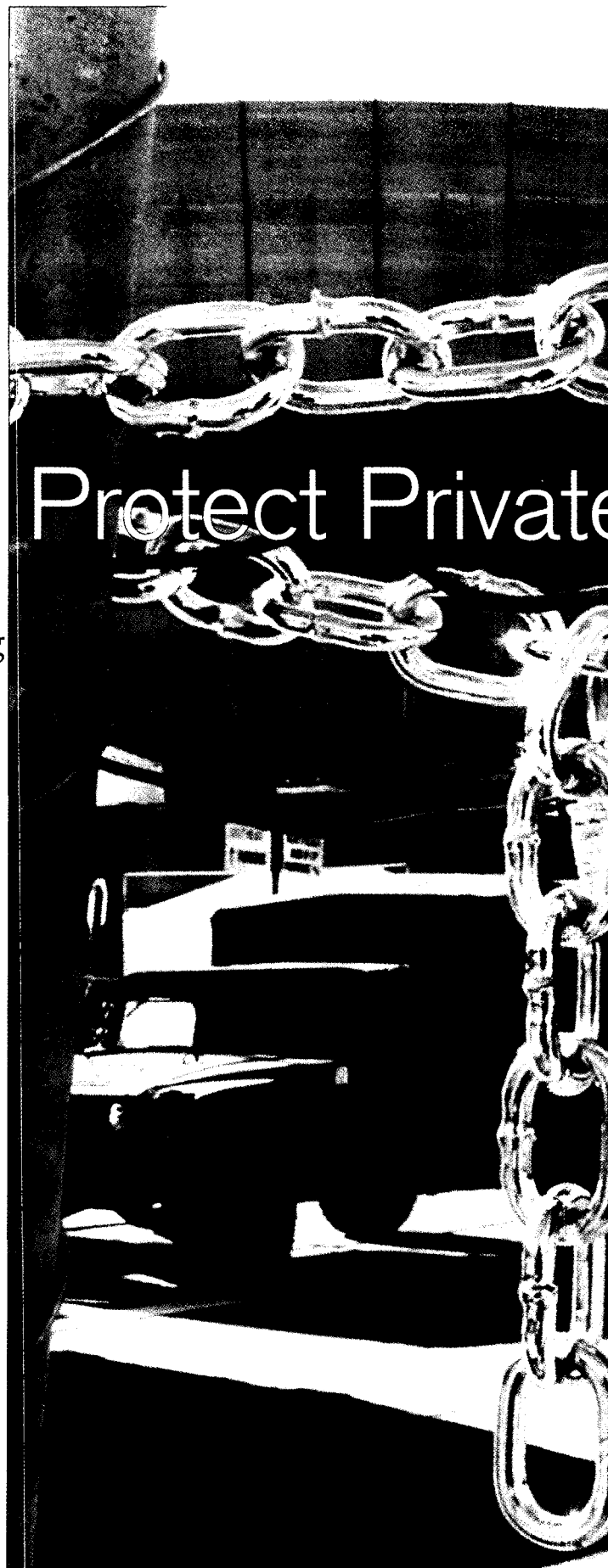
In protecting the homeland, public and private responsibilities converge. Questions about who is responsible for what security measures need not always be complicated. When it comes to defending the nation's borders, for example, the federal government must be largely responsible. But who should implement and pay for various measures to protect such private-sector sites as commercial buildings, athletic arenas, and chemical plants?

Because terrorist attacks can have societal and national security implications far transcending their immediate private damage, market forces are often insufficient to protect against terrorist attacks on private property. Government intervention is often warranted when attacks would cost thousands of lives or harm critical infrastructure and when the intervention would reduce overall exposure to the risk of major terrorism (see box).

In protecting private-sector sites, Washington has three primary tools at its disposal: regulation, insurance requirements, and subsidies. It can impose direct regulation requiring any commercial or public building to include antiterrorist features. It can require (or encourage) any such building to carry insurance against terrorism. And it can provide a subsidy—through direct government spending or through a tax incentive—to private owners who invest to protect their buildings against attacks.

Normally one would evaluate these competing approaches

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using cost-benefit analysis, comparing the costs and benefits of each and choosing the one with the largest net benefits. But the nation's good fortune in not being exposed to many terrorism attacks before September 11 means that it lacks the knowledge base to determine with precision how much any given approach reduces the risk of any potential terrorist attack or limits its damages.

In the absence of quantitative cost-benefit analysis, several general criteria suggest themselves as a way of judging the cost-effectiveness of each approach. First, to what degree would each affect private behavior? Second, to what degree would the change in private behavior reduce the overall risk from a large-scale terrorist attack, as opposed to merely shifting it from one venue to another? Third, to what degree does each approach achieve the reduction in overall risk at the least possible economic cost? Finally, how fair is the expected outcome? Will society accept the consequences in terms of income or wealth distribution?

Regulation

A regulatory approach has several benefits. Imposing a regulatory standard would provide a minimum guarantee regarding antiterrorism protection. It would also discourage the most dangerous activities. If skyscrapers are natural targets for terrorists, requiring security measures in new skyscrapers raises the costs of constructing new ones—and the higher costs then discourage the construction in the first place (or discourage people from living there if the building goes up anyway).

But regulation has its downsides. First, knowing where to set the regulatory standard is particularly difficult given the nation's limited experience with terrorism. Second, regulation, especially in the form of "commands and controls" rather than market-like incentives, can be an unnecessarily expensive way to achieve a given level of security. Third, regulation does not generally encourage innovation. Firms would have an incentive to meet the minimum regulatory standard, but not to exceed it.

These deficiencies can be reduced, although not eliminated, through careful attention to the design of the regulations. The more a regulation focuses on outcomes and performance, rather than on requiring specific actions, the better. For example, a regulation could require an indoor sports arena's air ven-

tilation system to be able to contain a given type of bioterrorist attack within a specified time, rather than to include specified devices. Such a performance-oriented regulation encourages firms to design and implement less expensive mechanisms for achieving any given level of security. Compliance with the performance-based regulation can then be tested regularly by government inspectors or third-party verifiers.

Insurance Requirements

Requiring or encouraging private owners to have terrorism insurance may seem, at first glance, to be counterproductive. Wouldn't firms and individuals with insurance against terrorism lack incentives to take appropriate precautions against an attack? But insurance typically comes with provisions (such as a deductible) requiring the insured to bear at least some of the cost of an attack and thus have an economic incentive to avoid such attacks or minimize their consequences. And the insurance companies themselves have every reason to encourage risk-reducing activities. They thus provide incentives that spur owners to reduce their buildings' exposure to terrorist attack (by protecting the air intake, for example) and to protect their computer systems (by improving firewalls or using more advanced encryption).

Insurance is not a panacea. The insurance market may not discriminate well among terrorism risks. Indeed, it is not even clear whether allowing insurers to charge premiums that discriminate among different exposures to terrorism is fair. Is it fair to charge higher premiums on insurance for such "iconic" structures as the World Trade Center, the Empire State Building, and other tall existing buildings—when their owners would not have expected a terrorism threat when the buildings were constructed? Is it fair for the population as a whole effectively to subsidize the owners of such prominent buildings, as they would if differential premiums were not allowed? For new construction, the issue is less complicated, for prospective owners are now aware of the threat of attack; differentiated premiums could help encourage safer designs of prominent buildings.

Just as government regulators find it difficult to use cost-benefit analysis in fighting terrorism, private insurers may find it hard to price the risks associated with terrorism in the absence of solid actuarial information on the

AMY SANCETTA/AP

risks involved. Insurers in the United States are now developing models that will help them better price terrorism insurance in the future.

Most fundamentally, an insurance system won't work if insurers won't offer the insurance or offer it only at extremely high prices. A particular concern involves reinsurance. Rather than maintaining high reserves to meet the potential costs of extreme events, primary insurance firms buy reinsurance from other firms to cover at least part of a severe loss. But reinsurance firms have generally stopped offering reinsurance on terrorism risks. In response, many primary insurance companies have eliminated terrorism coverage from their policies (when allowed by state commissioners to do so).

Thus far, lenders appear to be continuing to provide credit to commercial borrowers who lack terrorism insurance. But it is unclear how sustainable—or desirable—such a situation is. Even if the federal government does not intervene in the primary insurance market, policymakers should explore options to facilitate the provision of terrorism insurance. One possibility, which Congress has considered in some forms but not yet adopted, is a temporary federal reinsurance program in which the government shares some of the risk, but also some of the premiums, from terrorism insurance policies. Over time, as new approaches to spreading the financial risks associated with

In protecting ourselves against terrorist attacks that would result in substantial casualties or significant economic and social harm, it is not enough to just “leave it up to the market.”

terrorism insurance develop, the need for any government reinsurance program could be reduced.

Subsidies

Government could also help pay for antiterrorism measures undertaken by private actors. Subsidies could affect firm behavior and (if appropriately designed) provide some protection against terrorist threats. But they carry four dangers. First, they can encourage unnecessarily expensive investments in security. Second, they would likely spark intensive lobbying efforts by firms to capture the subsidies—not only dissipating resources that could be used more productively elsewhere, but skewing the definition of what qualifies for the subsidy. Third, subsidies could provide benefits to firms that would have improved security without the subsidy—raising public costs without buying any added security. Finally, subsidies financed from general revenue are effectively paid for by the entire population. The fairness and feasibility of that approach are debatable, especially given the recent dramatic deterioration in the federal budget.

Toward a Mixed System: Minimum Regulatory Standards and Insurance

Given the shortcomings of each sort of government intervention, the most cost-effective approach over the longer term

Why Government Needs to Protect Private-Sector Sites

One question that arises in connection with homeland defense is why government intervention is needed to protect private property such as chemical plants or large commercial buildings. Indeed, a top official at the Environmental Protection Agency recently argued that a federal counterterrorism security standard for chemical plants or refineries may be unnecessary because the “industry has a very powerful incentive to do the right thing. It ought to be their worst nightmare that their facility would be a target of a terrorist act because they did not meet their responsibility

to their community.” Individuals and corporations do indeed have powerful incentives to protect themselves against terrorist attacks. But that private motivation is not always sufficient to provide an optimal amount of protection for society as whole.

In the first place, loose security at a chemical facility can provide terrorists with the materials they need for an attack. Carelessness at a biological laboratory can give terrorists access to dangerous pathogens. The costs of giving terrorists access to such materials are generally not borne by the facilities themselves, for the attacks that use the materials could occur

elsewhere. When poor security at one firm endangers the security of other firms, and when the potential consequences of such security breaches are substantial, government intervention is warranted.

Second, a major terrorist attack could undermine the nation's sovereignty and its international image, just as an invasion by enemy armed forces would. The costs associated with that diminished sovereignty may be difficult to quantify, but are nonetheless real. In other words, the costs of the attack extend well beyond the immediate sites and people affected to the nation as a whole. Indi-

viduals or firms deciding how best to protect themselves against terrorism are unlikely to take these broad societal costs of an attack fully into account and therefore will generally provide inadequate security against terrorism on their own.

A third reason for government intervention involves information—in particular, the cost and difficulty of accurately evaluating security measures. For example, one reason that governments promulgate building codes is that it would be difficult for each individual entering a building to evaluate its structural soundness. Because it would be equally difficult for an

may be a combination of performance-based regulation and insurance coverage.

Such a mixed system is used in many other areas, such as owning a home. Local building codes specify minimum standards that homes must meet. But mortgages generally require homes to carry insurance, and insurance companies provide incentives for improvements beyond the building code level—for example, by reducing premiums if the homeowner installs a security system.

Three areas of homeland security seem especially well-suited to a mixed system. Chemical and biological plants, for example, contain materials that could be used in a catastrophic terrorist attack, making it appropriate for government intervention to subject them to security requirements that are more stringent than those applying to other commercial facilities. Supplementing regulatory standards with insurance would allow insurance firms to provide incentives for more innovative security measures.

In the case of large commercial buildings that house thousands of people, Washington could strengthen existing local building codes by applying minimum performance-based antiterrorism standards. It could also supplement those regulations by requiring or encouraging owners to buy antiterrorism insurance. Even if regulators do not allow insurance premiums to vary by type of building, they could still allow insurers to lower premiums in exchange for improvements, such as protecting the air intake system or reinforcing the building structure, that lessen the probability or severity of an attack.

A terrorist cyberattack, to cite one more example, could

cripple the nation's infrastructure, at least temporarily, and would warrant federal intervention. Because protecting a computer system against terrorist attack is similar to protecting it against more conventional hacking, the case for federal subsidies is relatively weak. Subsidies would induce private firms to spend excessively to improve cybersecurity, because they would not bear the full costs but would capture the added benefit of protection against hackers. But performance-oriented regulatory steps, at least in the case of large firms or those with direct access to critical computer infrastructure, may be effective. The government could, for example, require critical computer systems to be able to withstand mock cyberattacks. Because mock attacks and tests could be conducted easily and could provide a basis for pricing, insurers could play a constructive role in improving security. Insurance firms already, for example, use cyber-experts to advise firms how to reduce their exposure to cyberattacks.

A mixed system can spur innovation to reduce the costs of achieving any given level of safety. And a mixed system is flexible—a key virtue when, as now, new threats seem to be “discovered” on an ongoing basis. In areas where insurance firms lack the experience needed to provide proper incentives to the private sector for efficient risk reduction, regulation can play a larger role. Regulation's role can diminish in areas where insurers can provide innovative incentives for security improvements. And of course regulatory standards and insurance can and should be supplemented or replaced when there is credible evidence that other approaches would be more efficient. ■

individual to evaluate how well a building's air intake system could filter out potential bioterrorist attacks, it makes sense for government to set minimum antiterrorism standards for buildings for which there is a nontrivial threat of a terrorist attack.

Fourth, corporate and individual financial exposures to the losses from a major terrorist attack are inherently limited by bankruptcy laws. To a firm that suffers a terrorist attack, it matters little whether the attack is merely highly damaging or catastrophic. In either case, its losses would exceed its net assets, and it would declare bankruptcy. It thus has little or no incentive to reduce the likelihood of the more severe

attack even if it could do so inexpensively. From society's perspective, however, such security measures may be cost-effective—and government intervention can therefore be beneficial to society.

The fifth justification for government intervention—rather perversely—is that the private sector may expect the government to bail it out should a terrorist attack occur. (The financial assistance to the airline industry provided by the government following the September 11 attacks is just one example of such bailouts.) Such expectations create a moral hazard problem: private firms, expecting the government to bail them out in the event of an attack, do not undertake as

much security as they otherwise would. If the government cannot credibly convince firms in the private sector that it will not bail them out after an attack, it may have to intervene before an attack to offset the adverse incentives created by the expectation of a bailout.

The final justification for government intervention involves incomplete markets, particularly imperfections in capital and insurance markets. If insurance firms, for example, are unable to buy reinsurance coverage for terrorism risks (that is, if primary insurers are not able to transfer some of the risk from terrorism costs to other insurance firms in the reinsurance market), some government

involvement may be warranted.

To be sure, the importance of these factors varies from sector to sector, and the theoretical benefits of government intervention can be undermined by political pressures, imperfect information, and skewed bureaucratic incentives. In protecting ourselves against terrorist attacks that would result in substantial casualties or significant economic and social harm, however, it is not enough to just “leave it up to the market.” The market has an important role to play, but government intervention in some form and in some markets will be necessary to fashion the appropriate response to terrorism.

Chemical and Biological

Prospects and Priorities after September 11

Before the terrorist assaults of September 11 and the anthrax letter attacks that followed, U.S. officials often drew a distinction between the threat posed by national chemical and biological weapons programs and the threat posed by terrorists using chemical and biological weapons. The two threats were seen as separate problems, requiring separate solutions. In the intervening months, however, it has become clear that the two proliferation problems are closely linked, in that assistance from national programs is likely to be critical to terrorist efforts to acquire and use chemical or biological weapons successfully, particularly on a large scale. This underscores the urgency of pursuing nonproliferation measures that delegitimize such weapons and complicate the efforts of both nations and terrorist organizations to acquire them.

Redefining the Threat

According to U.S. government officials, about a dozen countries are believed to have chemical weapons programs and at least 13 are said to be pursuing biological weapons. These national programs pose a direct threat to U.S. military forces and to friends and allies in the two regions where proliferation has been most widespread—Northeast Asia and the Middle East. They also pose an indirect threat as a possible source of chemical and biological weapons expertise or materials to other national or terrorist programs.

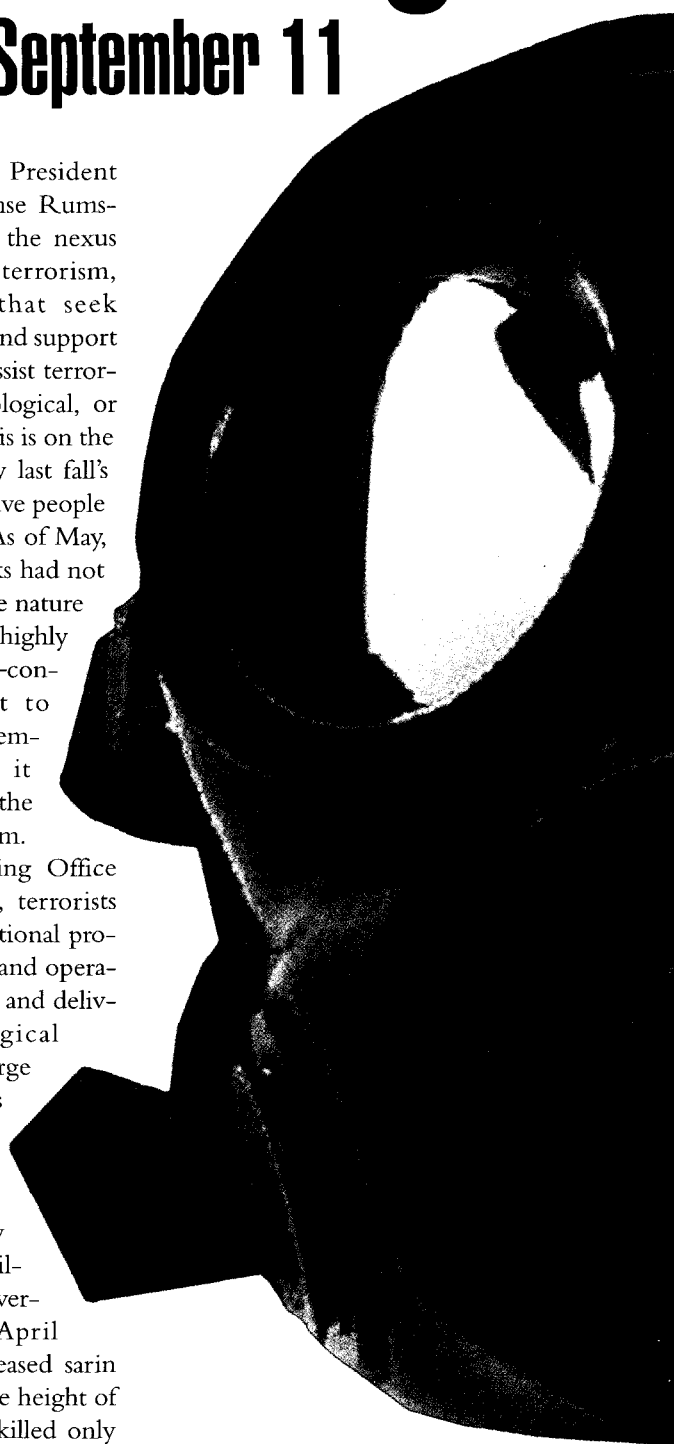
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In recent months, both President Bush and Secretary of Defense Rumsfeld have called attention to the nexus between proliferation and terrorism, warning that countries that seek weapons of mass destruction and support international terrorism may assist terrorists in getting chemical, biological, or nuclear weapons. This emphasis is on the mark. And it is borne out by last fall's anthrax attacks, which killed five people and injured some 17 others. As of May, the perpetrator of these attacks had not yet been apprehended. But the nature and quality of the anthrax—highly virulent and weapons-grade—contained in the letters sent to selected media outlets and members of Congress indicate it almost certainly originated in the U.S. biological defense program.

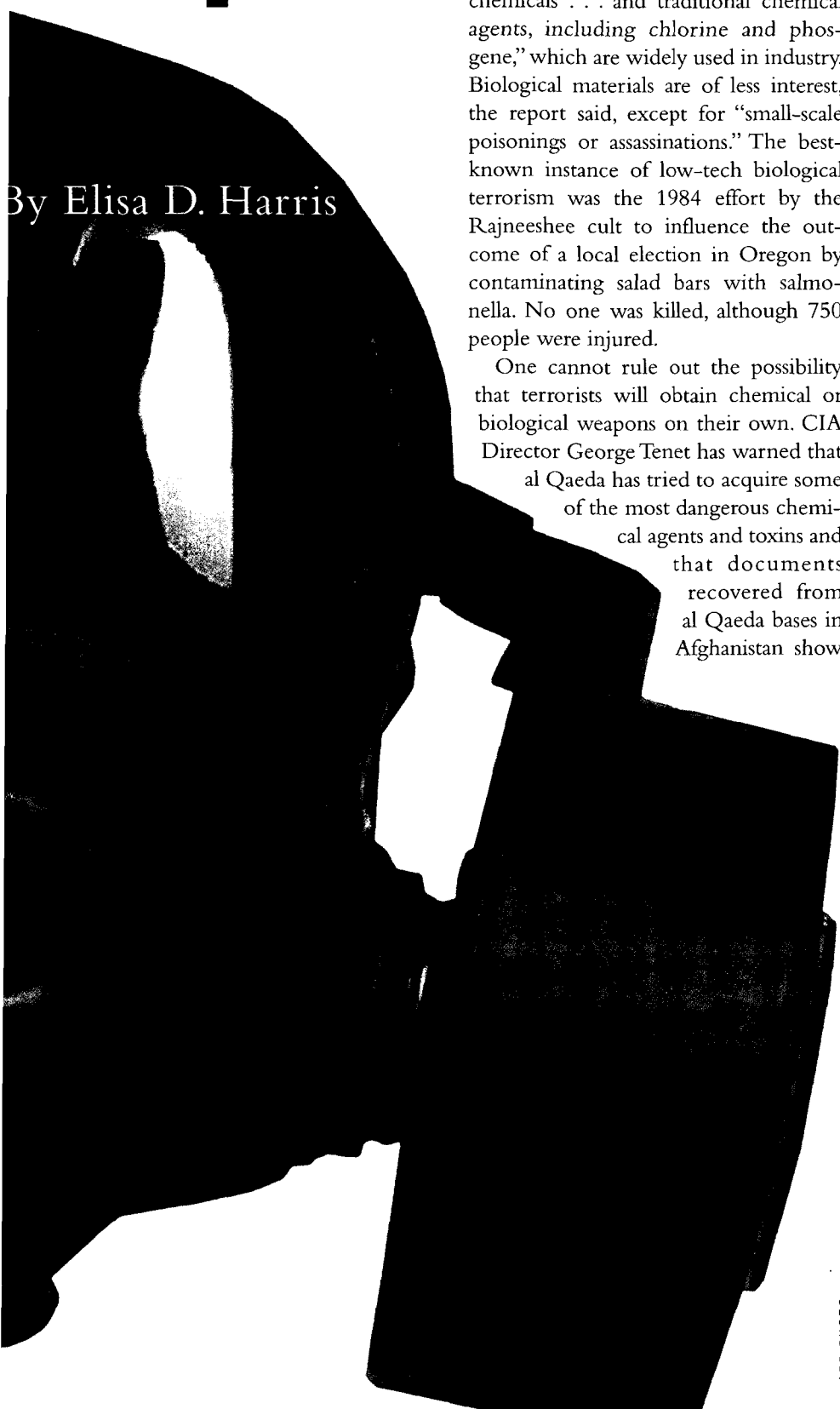
As the General Accounting Office concluded in a 1999 study, terrorists who lack assistance from a national program face daunting technical and operational hurdles in weaponizing and delivering chemical or biological weapons, especially on a large scale. During the early 1990s the Aum Shinrikyo's attempts at mass terror in Japan through chemical and biological weapons had only limited success despite \$1 billion in assets and access to university-trained scientists. In April 1995, the doomsday cult released sarin gas on the Tokyo subway at the height of the morning rush hour, but killed only 12 people and injured 1,000. Nine other attacks using biological agents, including anthrax and botulinum toxin, failed to produce even a single casualty.

Absent assistance from a national chemical or biological weapons pro-

gram, most terrorists are likely to continue to rely on lower-tech methods of attack involving industrial chemicals or common poisons. As a report to Congress by the Central Intelligence Agency



Neapons



By Elisa D. Harris

last January made clear, terrorist groups are “most interested in chemicals such as cyanide salts to contaminate food and water supplies or to assassinate individuals.” Such groups also have “expressed interest in many other toxic industrial chemicals . . . and traditional chemical agents, including chlorine and phosgene,” which are widely used in industry. Biological materials are of less interest, the report said, except for “small-scale poisonings or assassinations.” The best-known instance of low-tech biological terrorism was the 1984 effort by the Rajneeshee cult to influence the outcome of a local election in Oregon by contaminating salad bars with salmonella. No one was killed, although 750 people were injured.

One cannot rule out the possibility that terrorists will obtain chemical or biological weapons on their own. CIA Director George Tenet has warned that al Qaeda has tried to acquire some of the most dangerous chemical agents and toxins and that documents recovered from al Qaeda bases in Afghanistan show

that Osama bin Laden has pursued a sophisticated biological weapons research program. This past March, U.S. military officials confirmed the discovery of a laboratory, believed to be intended to produce anthrax and other biological agents, under construction near Kandahar, although there is no evidence that al Qaeda ever produced such agents. As with other terrorist groups who have attempted chemical or biological attacks, U.S. intelligence officials reportedly believe that al Qaeda would need help from foreign experts or governments to mount an effective weapon-of-mass-destruction program.

Focusing on Prevention

Since September 11, the Bush administration has responded to concerns about the use of chemical or biological weapons against the United States with a variety of proposals to defend against and manage the consequences of such attacks. The administration has asked for \$4.5 billion in new bioterrorism funds for fiscal year 2003 alone to strengthen state and local health systems, increase the national pharmaceutical stockpile, improve coordination among federal, state, and local agencies in an attack, and develop new vaccines, medicines, and diagnostic tests.

The dangers posed by national chemical and biological weapons programs, however, require a response based on more than just defense. New prevention efforts also are needed—to reinforce the international norm against chemical and biological weapons and to impede the acquisition of such weapons by those who would use them. Such a strategy should include: strengthening treaties that outlaw chemical and biological weapons, tightening international controls over chemical and biological materials, expanding nonproliferation efforts in the former Soviet Union, and criminalizing chemical and biological weapons activities by individuals.

Strengthening Existing Treaties

The 1993 Chemical Weapons Convention, the cornerstone of the chemical weapons nonproliferation regime, requires parties to eliminate all stocks of

AFP PHOTO

chemical weapons and permit international monitoring of both government and commercial facilities to verify compliance. In force for only five years, the treaty has already made progress toward reducing the threat from national chemical weapons programs. Nine of the countries previously identified by the United States as chemical weapons proliferation concerns—Russia, China, Iran, Ethiopia, South Korea, India, Pakistan, Sudan, and Vietnam—have become parties to the convention. Two countries that had not acknowledged possessing chemical weapons, South Korea and India, have now declared stockpiles, and 11 countries, including Russia, China, Iran, South Korea, and India, have declared current or past production facilities.

But numbers tell only part of the story. The Chemical Weapons Convention also faces several critical challenges. Of most immediate concern is the crisis in its implementing body, the Organization for the Prohibition of Chemical Weapons (OPCW). This past April, the United States succeeded in removing the director general from office, accusing him of mismanaging finances and proposing ill-considered initiatives related to the war on terrorism. Other concerns focus more squarely on the integrity of the treaty itself—particularly whether some parties have made inaccurate declarations or are continuing offensive activities. Russia, Iran, China, India, Pakistan, and Sudan have all been identified by the United States as having not divulged the full extent of their chemical weapons programs.

Both the management problems and the concerns about treaty noncompliance must be addressed. For its part, the United States must acknowledge that much of the OPCW's budget problem is a consequence of the nominal-growth budget imposed on it by the United States and other major funders. Delays in payment (and nonpayment) of annual assessments and inspection costs by many of these same countries have exacerbated the budget problem, ultimately resulting in major cuts in planned verification activities. The United States should work with the OPCW and other parties to

ensure adequate funds for carrying out all necessary verification activities. The United States also should be prepared to use challenge inspections to address serious compliance concerns, especially in countries where bilateral consultations have been unsuccessful or are not appropriate.

The 1972 Biological and Toxin Weapons Convention was widely viewed as a milestone in the history of arms control, because it was the first international treaty to outlaw an entire category of weapons of mass destruction. The treaty, however, included no provisions for enforcing compliance. At the time, little was known about other countries' biological weapons programs.

Based on defectors' reports and other information, we now know that the Soviet Union breached the treaty from the outset. During the early 1970s, it launched a massive effort to supplement its existing work on biological weapons at military facilities with research and development at civilian facilities managed by an organization known as Biopreparat. Three other countries—North Korea, Egypt, and probably Israel—also had biological weapons programs at the time the treaty was concluded. Iraq began its program in the mid-1970s, South Africa in 1981. By the late 1980s, China, Iran, Syria, Libya, and Taiwan had been publicly identified by the United States as also having biological weapons programs. Except for Israel, all were either signatories or parties to the treaty.

In 1994, with the support of the United States, an Ad Hoc Group was established to develop new measures, including a legally binding protocol, to strengthen the convention. In July 2001, the Bush administration announced that it opposed not only the draft protocol introduced the previous April but also any subsequent protocol effort. The administration argued that such an approach was both too weak and too strong—too weak to catch cheaters, too strong to avoid putting at risk U.S. biological defense or trade secrets. At the treaty's five-year review conference in November 2001, the United States emphasized the need to develop more effective ways to deal with noncompli-

ance, but the proposals it put forward focused largely on voluntary, national efforts. On the last day of the conference, the United States stunned and angered its allies by trying to force through a decision to disband the Ad Hoc Group and terminate its mandate. Desperate to avoid a complete collapse of this meeting aimed at bolstering the convention, parties agreed to suspend work until November 2002, having done nothing about the noncompliance problem.

Ironically, the Bush administration's determination to kill both the biological weapons protocol and the Ad Hoc Group has prevented even its own proposals from being considered by the international community. At the meeting this coming November, Washington should abandon its opposition to multilateral discussions and agree on a way to explore both U.S. and other national proposals for strengthening the treaty. Pending international agreement on legally binding enforcement measures, the United States should support a recent British proposal to expand the UN secretary general's authority to investigate allegations of the use of chemical and biological weapons to include suspected development, production, or possession of biological weapons.

Tightening Controls on Chemical and Biological Materials

Following Iraq's use of chemical weapons against Iranian military forces and its own Kurdish population during the Iran-Iraq War, the United States and other Western countries imposed export controls on equipment and materials that could be used to make chemical, and subsequently biological, weapons. Today, 33 countries make up the so-called Australia Group, an informal body that seeks to harmonize national export controls over chemical and biological-related exports. The Australia Group's success has led proliferators to turn increasingly to other suppliers, particularly companies in India, Pakistan, and China, for equipment and materials.

Since 1997 the United States has also required facilities that send or receive particularly dangerous biological materials—the 36 microbes and toxins on the

Select Agent List—to register with the Centers for Disease Control and Prevention in Atlanta and to report all domestic transfers of select agents. As the anthrax incidents last fall have shown, however, U.S. facilities that sent or received select agents before 1997, or that simply possess them, are not subject to the reporting requirement. Moreover, most of the more than 1,500 culture collections worldwide make biological cultures available to researchers with few restrictions or controls.

Last October Congress tightened domestic controls over access to biological materials by passing legislation prohibiting felons, illegal aliens, people from terrorist countries, and other restricted individuals from possessing or transferring items on the Select Agent List. Other curbs on biological agents, including a requirement that facilities that possess select agents register with the CDC, were enacted into law in late May.

The United States should capitalize on new relationships it has forged with New Delhi, Islamabad, and Beijing since September 11 to shut down the alternative suppliers that have emerged in the wake of the Australia Group's success. The United States should also take advantage of the heightened international concern about biological weapons to secure tighter international controls on culture collections and other repositories of biological materials and to strengthen oversight of laboratories to prevent deliberate or inadvertent use of biotechnology for destructive purposes.

Expanding Nonproliferation Efforts in the Former Soviet Union

Since the early 1990s, the United States has used a variety of nonproliferation assistance programs to ensure that former Soviet chemical and biological weapon scientists, equipment, and materials do not contribute to foreign chemical and biological weapons efforts. Under these programs, the United States is helping design and build Russia's first nerve gas destruction facility, at Shchuch'ye, and dismantle or convert to peaceful purposes former chemical weapons production facilities at Vol-

gograd, Russia, and Nukus, Uzbekistan. The world's largest anthrax production facility, at Stepnogorsk, Kazakhstan, has been dismantled, and thousands of former biological weapons scientists have received funding for collaborative research with U.S. scientists on both public health and biodefense-related projects. Security has also been tightened at culture collections around the former Soviet Union. But much more remains to be done.

Russia has already informed the OPCW that it cannot meet its April 2007 deadline for destroying its chemical weapons stockpile. If Russia is to have a chance at meeting the April 2012 extension deadline, work at the Shchuch'ye facility will need to be accelerated and expanded. Efforts also should be undertaken to dismantle or convert other chemical and biological weapons production facilities, expand collaborative research on global diseases such as HIV and tuberculosis, broaden collaborative work on vaccines and other medical countermeasures to biological weapons, facilitate commercialization activities at former biological weapons facilities, and strengthen security at culture collections and other sites that maintain biological materials. The task will not be cheap—upwards of \$1 billion in additional funds will be required over the next five years. But keeping critical elements of the former Soviet programs from facilitating national or terrorist chemical or biological weapons efforts is essential.

Criminalizing Chemical and Biological Weapons Activities

Although both the chemical and the biological weapons conventions require parties to prohibit on their territory any activities that are banned under the treaty, both conventions focus principally on the actions of states, not individuals. And neither requires parties to establish criminal jurisdiction over foreign nationals on their territory who have engaged in prohibited activities elsewhere or to conclude extradition arrangements.

To help fill this gap, the Harvard Sussex Program has drafted a treaty making it a crime under international law for

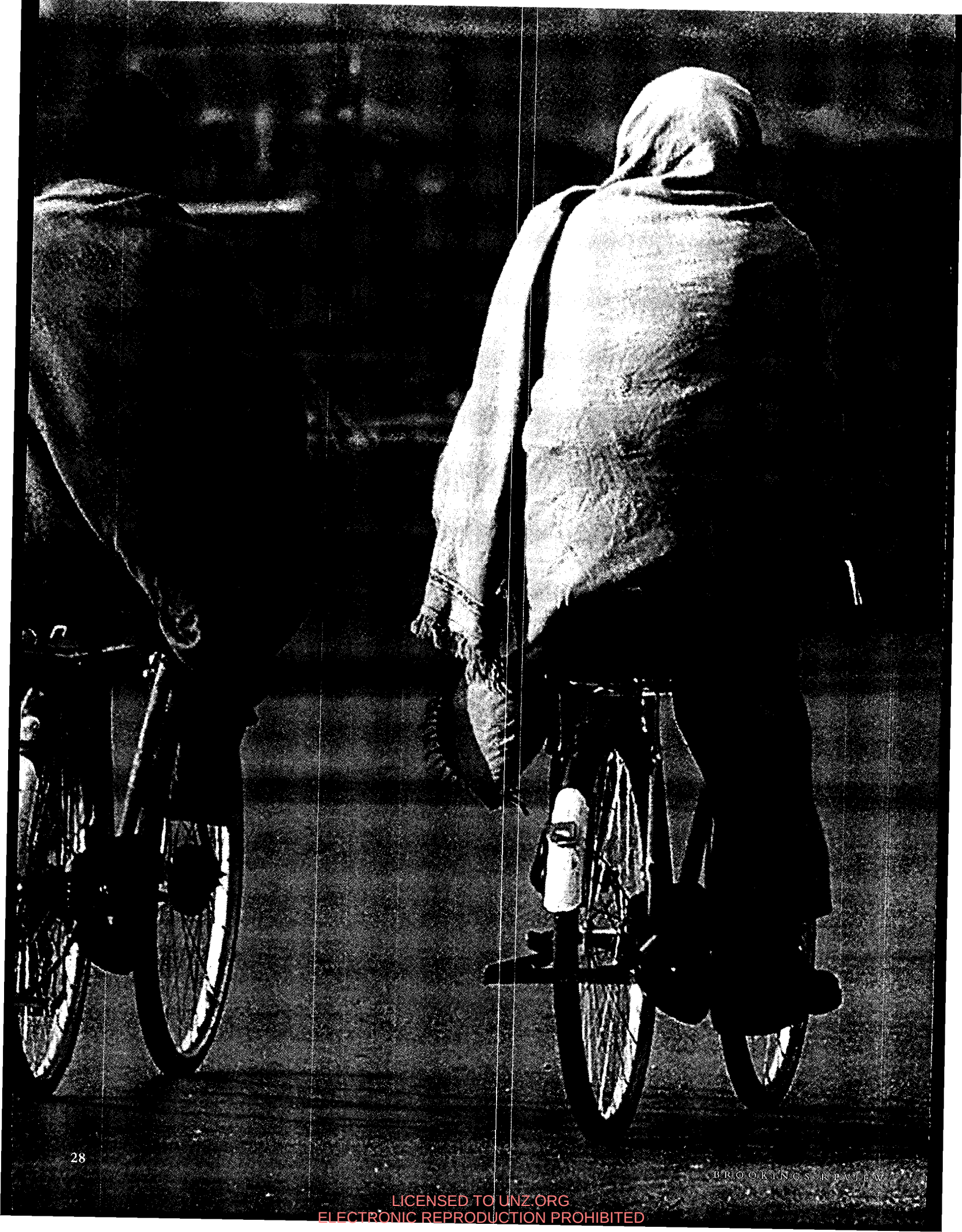
anyone knowingly to acquire or use chemical or biological weapons or to help others do so. At the end of April, the British government endorsed the negotiation of such a treaty. As provided by treaties on aircraft hijackings, hostage taking, and the theft of nuclear materials, anyone committing a prohibited act would be subject to prosecution or extradition if apprehended on the territory of a party to the treaty. The United States should work with the UK to press for an international convention criminalizing chemical and biological weapons activities by individuals.

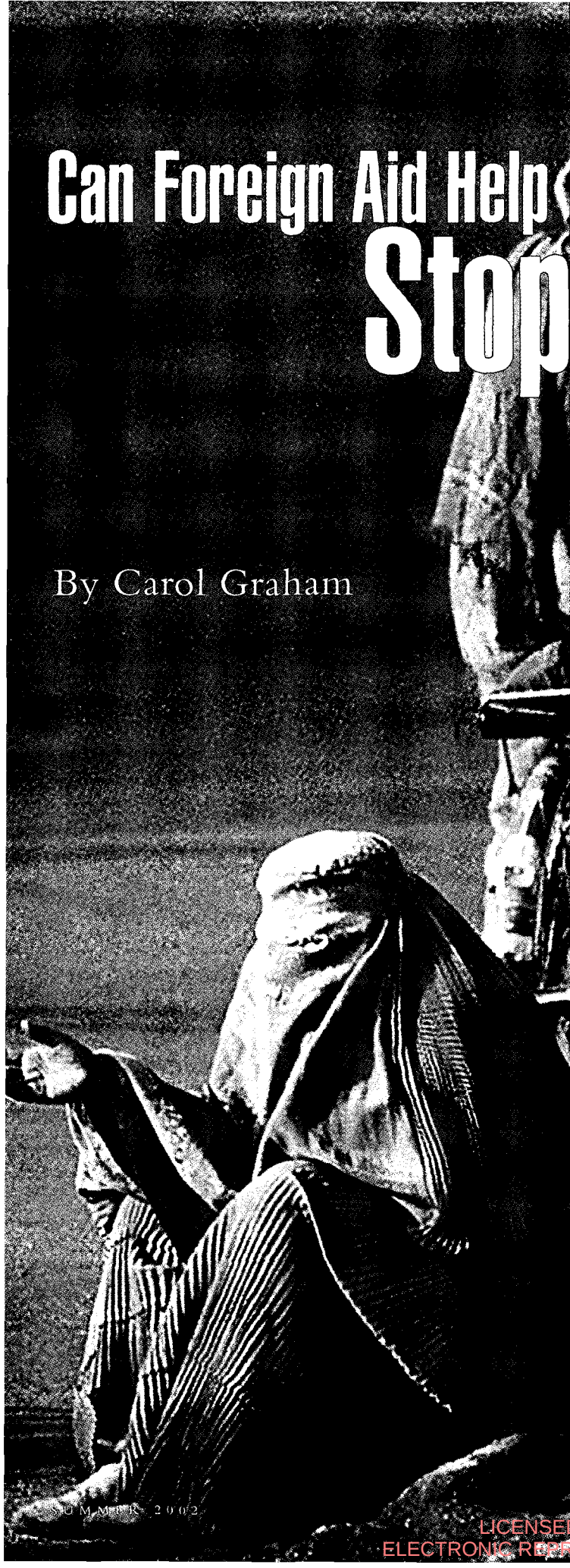
If Prevention Fails

Prevention may not always work, particularly if the party in question has already shown a willingness to use chemical or biological weapons or no longer requires outside assistance. Under such circumstances, the United States should be prepared to use force to degrade chemical or biological weapons programs that pose a direct threat to its national security interests. Iraq, of course, is the most obvious case in point, given its use of chemical weapons in the 1980s and the near-certainty that it has reassembled key parts of its chemical and biological weapons programs since UN inspectors left in December 1998.

Washington must meet several criteria, however, before taking this path. First, it should exhaust all reasonable diplomatic efforts, particularly those outlined in international treaties or UN resolutions. Second, it should have solid evidence about both the nature and the location of the weapons activities. Third, it must be reasonably sure that military force will achieve the desired result. Finally, it must keep collateral damage to a minimum to avoid exposing others to the very weapons its use of force is designed to suppress.

Used judiciously, military force, like other defense efforts, can help reduce the threat from national and terrorist chemical and biological weapons programs. But as outlined above, prevention efforts also have a critical role to play, both in delegitimizing chemical and biological weapons and in impeding the acquisition of such capabilities in the first place. ■





Can Foreign Aid Help Stop Terrorism?

Not with Magic Bullets

By Carol Graham

In the wake of the horrendous attacks of September 11, and with an enemy as loosely defined as international terrorism, it is no surprise that we, as a nation, are groping for solutions. The events of September 11 reminded us that the frustrations of poor or unhappy people in faraway lands are much closer to home than we imagine. It seems logical to surmise that increasing our wavering commitment to foreign aid is at least part of the solution. But as with many other proposed strategies for dealing with the terrorist attacks, establishing a clear cause and effect between economic development and terrorism is far from straightforward.

Unanswered Questions

The richest country in the world by many measures, the United States lags behind all other industrialized countries in terms of the share of gross national product going to official development assistance. It will remain in last place even if the full \$10 billion aid increase proposed by the administration is appropriated and disbursed over the next three years. The United States is currently second—well behind Japan—in terms of net resources going to development assistance (see table 1). Only four countries—Denmark, Holland, Norway, and Sweden—have met or exceeded the 0.7 percent of GNP target for donors established by the United Nations.

Increasing foreign assistance may have merit on a number of scores. Yet it is not clear that the terrorist problem can be solved by foreign aid, even in the long term. As a starting point, we know little about the links between economic underdevelopment—more specifically poverty—and terrorism. The perpetrators of the September 11 attacks were neither poor nor uneducated. True, terrorists often come from or seek asylum in poor countries, from Libya to Afghanistan to the Philippines. But not all poor countries have problems with

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ROB ELLIOTT/AFP PHOTO

terrorism, nor do their governments provide safe haven for terrorists.

Another variable in the equation, about which even less is known, is inequality and changes in the distribution of income. Economic development itself can increase inequality. Most studies find that countries that open their economies and join the global economy do better at reducing poverty. Yet the findings on inequality are much more mixed, as initial progress often increases rather than decreases within-country inequality. Decades ago, Albert Hirschman likened development to the break-up of traffic jammed in a tunnel. At first, progress in some lanes gives people in the stalled lanes hopeful expectations for the future. But if their lanes remain stalled long after other lanes move, frustration can mount and provoke radical behavior, like jumping the median strip.

Although economic development ultimately makes societies better off, in the short run it creates winners and losers. As Samuel Huntington has noted, social unrest flourishes not in countries mired in poverty, but in those that are developing and changing, either for good or for ill, raising or diminishing expectations.

When development alters relative income levels—and relative rewards to different economic sectors—even “winners” can become frustrated. Based on surveys in Peru and Russia, Stefano Pettinato and I found that more than half of the respondents whose income grew over a 10-year period assessed their new status as “negative” or “very negative” compared with their past position. And middle-income respondents were much more critical—even when their income had grown—than were the poor. We attribute these frustrations to heightened expectations, exacerbated perhaps by the global flow of information; to widening income gaps between the middle classes and the very wealthy; and to the precarious nature of income gains in the absence of adequate safety nets and social insurance.

Such findings by no means discount the role of economic development in vastly improving the lives of millions of people. That progress can and will continue—but it will be uneven and may well entail dislocation, frustration, and even social unrest. Our findings do suggest that international assistance, both technical and financial, can help countries manage development, for example by providing better safety nets and social insurance systems.

Can Aid Reduce Poverty?

Even if the links between economic development or poverty reduction and terrorism were clearly established, many questions remain about what foreign aid can accomplish. Aid has been more effective in the arenas of humanitarian relief, family planning, and reductions of infant mortality than in spurring economic growth. Yet growth is clearly necessary for reducing poverty. Aid has promoted growth in some countries, while in others it has failed or even been counterproductive.

Over the years foreign aid—from both bilateral and multilateral donors—has been directed at many different objectives. During the 1960s and 1970s, aid was driven primarily by the security concerns of the Cold War, with an underlying focus on reducing poverty. During the debt crisis of the 1980s, the rationale for aid shifted to limiting the liability that developing country debts increasingly placed on the international economic system. Concerns about reducing poverty also resurfaced, this time complicated by a new emphasis on promoting democracy and human rights. During the 1990s, still other priorities, such as supporting export markets in developing countries, arose.

Although economic growth is hardly ever the sole objective of aid, it is a necessary condition for meeting most of aid's broad objectives. In considering whether aid can also be targeted against terrorism, it is useful to review the evidence on how well it has met the goals of stimulating economic development and reducing poverty.

Several 1990s studies of financial aid—given by both bilateral and multilateral donors and conditioned on recipient countries' macroeconomic policies—found no positive link between aid and economic growth. Some research, such as recent work by William Easterly, even finds that aid hinders growth, particularly in low-income countries. Yet even these studies acknowledge that the broader policy orientation that conditioned foreign aid seeks to promote—open economic policies with prudent fiscal management—is producing strong results worldwide. While some countries with little or no foreign aid have enjoyed strong growth because of market-oriented policies, others, despite increasing levels of condi-



AMIR SHAH/AP

Table 1.

Foreign Aid Donations by Industrialized Countries, 2001

DONOR COUNTRY	NET AID (Billions of constant 1999 dollars)	AID AS PERCENT OF GNP
Japan	15.3	0.35
United States	9.1	0.10*
France	5.6	0.39
Germany	5.5	0.26
United Kingdom	3.4	0.23
Netherlands	3.1	0.79
Italy	1.8	0.15
Canada	1.7	0.28
Denmark	1.7	1.01
Sweden	1.6	0.70
Spain	1.4	0.23
Norway	1.4	0.91
Australia	1.0	0.26
Switzerland	1.0	0.35
Belgium	0.8	0.30
Austria	0.5	0.26
Finland	0.4	0.33
Portugal	0.3	0.26
Greece	0.2	0.15
Ireland	0.2	0.31
Luxembourg	0.1	0.66
New Zealand	0.1	0.27

Source: OECD, *Development Co-operation, 2000 Report (2001)*. Aid is defined as official development assistance.

*According to a March 2002 Center for Global Development/Center on Budget and Policy Priorities Policy Brief by Isaac Shapiro and Nancy Birdsall, if the full \$10 billion increase proposed by the administration is appropriated by Congress, then ODA as a share of GNP would increase to 0.135 percent by 2006.

tioned aid, continue unsound economic policies.

These findings have multiple explanations. One is that the continued flow of aid postpones the need to develop public support for economic reform. It also weakens policymakers' commitment to prudent economic policies.

Aid that continues even in the face of poor macroeconomic policies postpones fiscal crises that can spur domestic consensus in favor of reform. In an earlier study of 55 developing countries, Easterly—with the late Michael Bruno—found that in countries where inflation reached crisis proportions (more than 40 percent), growth initially fell precipitously, but recovered quickly after prices were stabilized and then reached and maintained higher levels than before the crises. The crises seemed to give governments the political latitude to implement the structural reforms—trade liberalization, pension reform, and central bank independence—that sustain growth. In all these countries, aid declined before the onset of financial crisis.

Not surprisingly, aid stimulates growth most effectively when it flows to countries with open trade, low inflation, and sound fiscal policies. But a country's growth performance is not always central in determining how aid, particularly bilateral aid, is allocated. As is evidenced by the high proportion of U.S. bilateral aid to Egypt and Israel, the strategic interests of national donors are usually more decisive than any interest in rewarding responsible economic policies.

Donor agencies are well aware of these problems, which is why international financial institutions, such as the International Monetary Fund and the World Bank, attach conditions to most loans. Conditionality is intended to avoid misallocation of aid, as well as to encourage prudent macroeconomic and public spending policies. Even conditional lending has a mixed record, however. One reason is that often multiple conditions are attached to loans, thus undermining local commitment to the proposed policies. Another is that donors often have strong incentives to continue lending even when conditions are not met, either because of strategic political interests or because of past lending to highly indebted countries, which makes the specter of insolvency very costly to lenders as well as borrowers.

Policymakers in the multilateral institutions have seriously debated moving to more selective lending with fewer conditions, with future eligibility for loans hinging on how well a country implements reforms. While appealing in theory, in practice such a move would entail withdrawing aid from many poor countries, particularly in Africa, and could have high social costs. It would also require much more coordination between bilateral and multilateral aid efforts—surely a welcome development, but one that would require an unprecedented degree of political consensus among donors.

Ultimately, aid is most effective when it influences policy at the level of ideas: when reforms are endorsed by a critical mass within society and then implemented as sustainable policies. The experience of many East Asian countries in the 1970s and Latin American countries in the 1980s and 1990s supports this proposition. In countries with poor policies, the most effective form of support may not be large financial flows, but rather technical assistance, ideas, and the promise of financial assistance in the future. The same studies that find a weak and even negative relationship between aid and growth also find that aid does boost growth when countries have good policies. And there has been gradual progress. Recent research by David Dollar, Craig Burnside, and Paul Collier of the World Bank finds—remarkably—that in 1990 countries with bad policies and institutions got more aid—an average of \$44 per person—while those with good policies got less—\$39. But by the late 1990s, those with good policies got \$29 a head, while those with poor policies got only \$16. These improvements have been driven primarily by changes in the practices of multilateral rather than bilateral donors.

Fighting Terrorism with Foreign Aid: Some Don'ts and Do's

Given aid's mixed record in supporting economic development and reducing poverty, what can we expect from aid in the fight against terrorism? The answer, in the short term, is not much. That should not, however, preclude investing in aid as a long-term, slow-growth stock in the portfolio of potential solutions. We should also make current aid efforts more effective.

The first and most obvious foreign aid “don't”—for the United States but also for our allies—is not to provide aid to “rogue” states. During the Cold War, for example, we often

provided aid to nondemocratic regimes, from which we disassociated ourselves when our objectives changed—leaving debt burdens incurred by those regimes to be financed by impoverished populations. The same temptation exists today as we seek allies in the war on terrorism.

The second “don’t” is not to continue to aid countries that pursue poor macroeconomic policies. Fears about the social costs of withdrawing aid should be met with selective humanitarian and technical assistance. In the end, prolonged aid flows to countries that pursue poor policies result in no- or low-growth traps, with high social costs in the form of poverty and unemployment. Countries that are recovering from conflict, such as Afghanistan, are usually exempted from the imperative of following market-oriented policies, but the exemption should be temporary to keep such countries from falling into low-growth, aid-dependency traps.

Perhaps the most important foreign aid “do” is to continue to support the international financial institutions in their efforts to give effective (and selective) economic aid and, equally important, to make the global financial architecture more responsive to new and continuing challenges. Chief among these challenges are volatility in world capital markets, widening inequality among and within countries, the absence of effective and sustainable safety nets and social insurance in many countries, the burden of excessive debt for the poorest countries, the need for affordable vaccines for infectious diseases, and the need to protect the environment. Although far from flawless, the international financial institutions are by far the most effective aid instruments we have.

Not surprisingly, these institutions themselves are reevaluating their core missions and their ability to pursue them. Some critics urge them to address a broader set of issues, such as global public goods and global governance. Others contend that their agendas are already too broadly defined and that expanding them, say, to include nation building in countries such as Afghanistan weakens their effectiveness on the core goals of supporting economic development and reducing poverty.

Resolving this debate is beyond the scope of this article. Yet it is worth noting that Washington’s ability to provide leadership on these issues has been eroded in the past decade. The flagging U.S. commitment to the IMF and the World Bank has been evident in many forums, from the low U.S. ranking in official development assistance; to criticism in Congress, most explicitly the 2000 report by the Meltzer Commission, which recommended radical changes to the IMF and World Bank; to comments by Secretary of the Treasury Paul O’Neill questioning—and ultimately undermining the effectiveness of—IMF financial rescues.

In the immediate wake of September 11, Congress recognized that it was unrealistic to ask our allies and a host of other countries for support in the fight against terrorism when we were far behind in paying our dues to the United Nations. The recent increase in our commitment to development assistance is another positive step, though still insufficient to lift the richest country in the world from the bottom of the donor

ranks. At the least, fulfilling this commitment over the next three years—and continued progress in the future—could help us get cooperation, both from allies and within the international financial institutions, in making aid more effective at achieving its core objectives.

Increased support for foreign aid is possible politically but requires dedicated leadership. The public foreign aid debate is woefully ill-informed. Most polls find that more than 80 percent of Americans favor some form of foreign aid, but few have any idea how much Washington spends on aid. The average response, in numerous polls, is that 15–20 percent of the federal budget goes for foreign aid. The reality is 0.05 percent—about half a penny on the federal dollar. When asked what would be appropriate, most respondents cite 5–10 percent—more than 10 times what we spend today and far more than needed to meet our objectives.

Making aid more effective requires better coordination of multilateral and bilateral donor efforts—which means vastly improving cooperation among the donor countries and the international financial institutions. Bilateral donors still account for two-thirds of all development assistance, for example. Small countries that receive aid are often unable to manage the multiple priorities and conditions of numerous donors. At the same time, the availability of numerous sources of aid can undermine even the most carefully designed loan conditions, as recipients play one donor off the other. Bilateral aid tends to be more political in nature than multilateral aid, although there are, of course, exceptions.

Finally, Washington can and should provide leadership in opening U.S. markets and broadening and sustaining our commitment to free trade. Research shows that aid is most effective in supporting sustained growth and reducing poverty in countries that pursue market-oriented policies and open trading regimes. Several previously aid-dependent countries in East Asia and Latin America, for example, where markets and democracy have taken hold, now ask us for “trade not aid.” While the United States maintains a strong rhetorical commitment to free trade, real progress has been much slower in coming. Commitments to liberalize imports of textiles and clothing made in the 1994 Uruguay Round trade negotiations remain unfulfilled. Agricultural trade remains full of distortions and barriers. The 2001 meeting of world trade ministers in Doha was a positive—if small—step in the right direction. And after a prolonged and divisive debate this May, the Senate gave the president the Trade Promotion Authority that he needs to facilitate trade agreements.

The challenge from international terrorism is, among other things, a wake-up call to concern ourselves with the fate of poor people in poor countries. In the long term, foreign aid, given selectively and not saddled with myriad objectives, can encourage economic development and reduce poverty and therefore improve the lives of many people. In the end that will make the world a better place and, it is to be hoped, one less likely to breed the violence and fanaticism we saw on September 11. It is not a magic bullet. It is a very slow growth stock. But it is worth a try. The world is small. ■

Putin and Bush Common Cause

Fiona Hill

Russia's View of the Terrorist Threat after September 11

When Russian President Vladimir Putin picked up the phone to express his sympathy to President Bush in the aftermath of September 11 and then followed up by providing concrete assistance to the campaign in Afghanistan and quickly acquiescing to U.S. plans to establish bases in Central Asia, Washington policymakers and analysts concluded Putin had made a strategic, even historic, choice to align Russia's foreign policy with that of the United States. It was a reasonable conclusion to make.

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From the beginning of his presidency in January 2000, Putin pushed the idea of a concerted campaign against terrorism with American and European leaders. He was one of the first to raise the alarm about terrorist training camps in Afghanistan and to warn of linkages between these camps, well-financed terrorist networks, and Islamic militant groups operating in Europe and Eurasia. Russia also actively supported the Northern Alliance in its struggle with the Taliban in Afghanistan. In December 2000, Moscow joined Washington in supporting United Nations sanctions against the Taliban and later appealed for sanctions against Pakistan for aiding the Taliban. After the attacks on the United States, Putin went so far as to suggest he had been expecting a massive terrorist strike—it had only been a matter of time. The events of September 11 were a shock, but not a surprise. Putin's support for Bush was consistent with his efforts to draw world attention to the terrorist threat.

The terrorist attacks also came at a time when Putin was trying to improve Russia's relationship with the United States. After a rocky start with the Bush administration—marked by spy scandals and a dispute over U.S. intentions to build a missile defense shield and withdraw from the 1972 Anti-Ballistic Missile Treaty—Putin had worked hard to build a personal affinity with Bush, remove the sense of confrontation, underscore that the Cold War was finally over, and find some mechanism for transcending differences. After September 11, it seemed that the war against terrorism could be just that mechanism. Russia and the United States had finally made common cause.

Common cause, however, assumes both parties have a shared view of the problem and the potential range of solutions. Unfortunately, Putin and Bush do not see terrorism in the same way. The terrorist threat to Russia is not equivalent to the threat to the United States, and Russia's responses to terrorism have differed from America's.

Like the United States, Russia sees its primary threats as emanating no longer from other states, but from an array of

transnational actors. Yet, beyond the dangers posed by al Qaeda and the Taliban, the United States and Russia see terrorism quite differently. In fact, Putin's and the Russian public's view of the terrorist threat remains largely unchanged since September 11. It is narrow and specific to Russia, not to the United States.

The Threat Within

Russian discussions of the threat of terrorism quickly become muddled with concerns about religious extremism, "banditry" and criminality (frequently used in conjunction with the Chechens), general social disorder, and the rupture of national unity. Russians see the state as under attack not from the outside, but from the inside, as a result of its military, political, and economic weakness. Unlike the United States, Russia is not so much being targeted by terrorism as inadvertently spawning it. State failure, not success, is the root of Russia's terrorist threat.

In the 1990s, political instability and increasing poverty and inequality in Russia and Eurasia provided a fertile ground for the germination of radical groups and the infiltration of foreign Islamic networks. The revival of Islam after the collapse of the USSR attracted funding from the Middle East and Asia for new mosques, religious schools, and cultural programs. Violent secessionist conflicts in the South Caucasus, civil war in Tajikistan, and two wars in Chechnya also drew funding—but for weapons and military training. The conflicts also brought religious fighters from other wars. As both casualties and economic, political, and social problems mounted, disaffected Muslim groups in Eurasia became increasingly radicalized.

Today President Putin and Russian policymakers see religious conflict as a serious threat to the state. The conflict is not between confessions, but within one faith—Islam—which is an officially recognized "Russian" religion. Russia's estimated 20 million Muslims (a much disputed figure) have centuries-old roots, although the 1990s religious revival also produced recent converts. Russian leaders depict the struggle as

one between traditional communities and well-financed foreign Islamic networks, which have exploited Russia's weakness to infiltrate its Muslim communities and promote "alien" and politically radical forms of Islam.

In the 1990s, these alien, political forms of Islam were collectively and loosely termed "Wahhabi," in reference to an austere, reformist branch of Islam that emerged in Saudi Arabia in the 1700s. Russian leaders rarely referred to specific Islamic or terrorist networks, but after the Taliban takeover of Afghanistan in 1996, they complained that Afghan-trained militants and mercenaries from the Balkans and the Middle East had moved into Chechnya. The actual numbers and provenance of these fighters among the forces in Chechnya remained uncertain, but discussions usually centered on the figure of "Khattab," an Arab who joined the Chechens in 1995 during the first war with Moscow and was killed in March. Russian officials described Khattab and his close associate, Chechen field commander Shamil Basayev, as having "tens," sometimes "hundreds," of Arab and other foreign nationals at their command. Some Chechen fighters were also described as having been trained in Afghanistan, Saudi Arabia, Pakistan, and other Muslim countries, and the foreign-trained and financed forces were on occasion referred to as "Afghans" (although not in reference to their ethnicity), adding further confusion.

Since September 11, an explicit linkage has been made between fighters in Chechnya and al Qaeda. The press commonly describes al Qaeda forces captured and killed in Afghanistan as a mixture of Arabs, Pakistanis, and Chechens, though there has been no unofficial or official confirmation of ethnic Chechens in Afghanistan or among the al Qaeda detainees in the U.S. facility at Guantanamo Bay. Last February and March, al Qaeda forces were also reported to have fled Afghanistan to seek refuge among the Chechen population in Georgia's Pankisi Gorge, again without explicit information on the numbers of fighters involved or their ethnic origin.

In many respects, the Wahhabi and al Qaeda-Chechen linkages are a red herring. The real concern in Moscow is not the activities of a handful of terrorists, but the radicalization of Russia's Muslim communities by foreign influences. Russia is especially worried about areas where Muslims are compactly settled: in the North Caucasus (including Chechnya and Dagestan) and the Volga region (including Tatarstan). Moscow believes politicized religious identity could produce demands for separate Islamic statelets, just as earlier political demands from ethnic groups led to secessionist movements, and will lead to more violent conflicts. Indeed, in spring 1999, local authorities engaged in a standoff with "Wahhabi" villages in Dagestan, where the inhabitants had amassed weapons, and also demanded political and economic concessions. In August 1999, forces led by Shamil Basayev invaded Dagestan to support the "Wahhabis," providing one of the triggers for a new war between Moscow and Chechnya.

Dealing with the Threat

Although the Russian government demanded that Chechen President Aslan Maskhadov repudiate terrorism and sever ties with Basayev and Khattab and has actively supported U.S. efforts to eradicate al Qaeda's network in Afghanistan, it has not claimed that terrorists are operating elsewhere in Russia; nor has it launched further military campaigns. Instead, Moscow's focus is on providing financial, material, and political support to traditional Muslim groups and marginalizing and forcing out foreign groups. Like the United States, the Russian government is trying to cut off the financial sources for the externally sponsored Islamic networks operating within its borders, but it is also promoting and sponsoring official Muslim movements, mosques, and religious schools and courting and co-opting domestic Muslim leaders. Putin has been increasingly careful to underscore that the war in Chechnya is waged against foreign-sponsored terrorists, not law-abiding Russian Muslims. In June

2000, Akhmed-hadji Kadyrov, the former Mufti of Chechnya and a vocal opponent of "Wahhabism," was installed as Moscow's administrator of Chechnya. In March 2001, Iranian President Khatami (an important Islamic ally for Russia) was encouraged to visit a new Islamic University in Tatarstan's capital, Kazan. And in December 2001, a new minister for minority and religious affairs was appointed to coordinate the government's efforts.

September 11 did not change how Russia sees and is dealing with its terrorist threat. Russians expect more of the same, not something different. Acts of terror and politically and commercially motivated assassinations were a fact of life in Russia in the 1990s and continue today. Apartment building bombings in Moscow and Volgograd in 1999 brought political violence to a



new level and increased public vigilance, but Russian homeland security has not been noticeably reinforced since then. Security is still lax at airports—woefully so for flights to the United States—and in public buildings, although some attempts have been made to install new screening devices in government agencies. There are no real signs of increased police presence on city streets. In spite of Chechen attempts to plant a "dirty bomb" in Moscow's Izmailovo Park in 1995 (using radioactive material from a hospital), mishaps with anthrax, and international concerns about the safety of Russia's military arsenals, Russians do not perceive an increased risk that weapons of mass destruction will be used in a terrorist attack against them. In short, American fears about the next round of terror do not resonate with the Russian public.

The Threat Ahead

In fact, Putin now finds himself in something of a quandary. As the months have passed since September 11, the campaign in Afghanistan has progressed, and the United States has moved on to tackle the tentacles of al Qaeda in the Philippines, Yemen, and on Russia's borders in Georgia, and to contemplate a preemptive strike against Iraq. Russian and American purposes have diverged. Putin prides himself on Russia's intelligence capabilities. Russian leaders think they know their enemy, and it is certainly not in Iraq, Iran, and North Korea. While Russian intelligence officials concede that U.S. concerns about Saddam Hussein's acquisition of weapons of mass destruction have merit, they feel the threat can be contained and managed. From its perspective, Russia sees Iran as a stabilizing force in the

Middle East, the Caucasus, and Central Asia, not as a state sponsor of terrorism. North Korea is an unstable neighbor, but not a military threat. In other words, Bush's axis of evil is not Putin's.

For Putin, his association with Bush's war on terrorism has become something unpredictable, which could destabilize the entire region to Russia's south in the Middle East. Beyond Afghanistan and tackling al Qaeda, Putin and Bush have no common cause. Although Putin will not risk a rift with Bush, he will certainly seek to disassociate Russia from any U.S. action in Iraq. When he picked up the phone on September 11, Putin knew the limits of Russia's terrorist threat. Now, he fears not what the terrorists will do next, but where and how America will strike in the war on terrorism and what impact it will have on Russia. ■

By Philip H. Gordon

NATO and the War on Terrorism

Less than 24 hours after the September 11 terrorist attacks on the United States, America's allies in the North Atlantic Treaty Organization came together to invoke the alliance's Article 5 defense guarantee—this “attack on one” was to be considered an “attack on all.” When it came time to implement that guarantee, however, in the form of the American-led military campaign in Afghanistan, NATO remained on the sidelines—by U.S. choice. The Americans decided not to ask for a NATO operation for both military and political reasons—only the United States had the right sort of equipment to project military forces halfway around the world, and Washington did not want political interference from 18 allies in the campaign.

In light of these decisions, some observers have begun to wonder whether NATO has any enduring role at all. And there are, in fact, serious reasons for concern about the future of the alliance if leaders on both sides of the Atlantic do not take the steps necessary to adapt it to changing circumstances. The Afghanistan campaign revealed large gaps between the war-fighting capabilities of the United States and its allies and reinforced the perception in some quarters in Washington that it is easier to conduct operations alone than with allies who have little to offer militarily and who might hamper efficient decisionmaking. Moreover, the U.S. decision to increase its defense budget by some \$48 billion for 2003—an increase larger than any single European country's entire defense budget—will only make this capabilities gap worse. To the extent that the war on terrorism leads the United States to undertake military operations in other distant theaters, and to the extent

that the Europeans are unwilling or unable to come along, NATO's centrality will be further diminished.

Yet to conclude that NATO no longer has an important role to play because it was not used for a mission for which it was not designed would be perverse and mistaken. The alliance remains the primary vehicle for keeping the United States engaged in European security affairs. Through its enlargement process, NATO is playing a critical part in unifying a continent that had been divided for almost 50 years. It brought peace to the Balkans, where it continues to deploy tens of thousands of troops, without whom the region could easily revert to the horrible conflicts of the 1990s. Through its Partnership for Peace, the alliance has reached out to and promoted military cooperation with partners in Central Asia, some of which made essential contributions to the campaign in Afghanistan. NATO also continues to promote military interoperability among the allies, so that they can cooperate militarily with each other even when NATO itself is not involved—as they did during the 1990–91 Gulf War and in parts of the operation in and around Afghanistan. As the international community considers ways to stabilize Afghanistan in the wake of the war, NATO planning and command-and-control capabilities may well prove the best option for maintaining a long-term, Western-led security force. In short, while the war on terrorism does indeed suggest that NATO is no longer the central geopolitical institution it was during the Cold War, it would be premature and extremely short-sighted to conclude that its mission is over and that it has no future role to play.

The Prague Summit

Instead of giving up on NATO, the North American and European allies should use their upcoming November summit in Prague to adapt to current security challenges. Just as the

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Changing Alliance

VADIM GHIRDA/JP

end of the Cold War and the conflicts in the Balkans obliged the alliance to find a new footing, September 11 and the ensuing conflict require NATO leaders to think boldly and creatively about how to keep the alliance relevant.

How should NATO adapt at Prague? First, alliance leaders should make clear that new threats such as international terrorism are a central concern to NATO member states and their people. NATO leaders had already recognized, in the 1991 Strategic Concept, that "Alliance security must also take account of the global context" and cited "other risks of a wider nature, including proliferation of weapons of mass destruction, disruption of the flow of vital resources and actions of terrorism and sabotage." In its 1999 Strategic Concept, the alliance moved "acts of terrorism" to the top of the

list of "other risks." This is not to say that any act of terrorism or threat to energy supplies can or should be treated as an Article 5 contingency that obliges all allies to contribute troops. It does mean, however, that all recognize that global developments can imperil their common interests and values, a point made dramatically clear by the attacks on Washington and New York. Even if invocations of Article 5 will no longer necessarily mean a formal NATO operation under NATO command, the concept that "an armed attack" from abroad must trigger solidarity among the member states must be maintained and reinforced.

Second, NATO members, particularly the European allies, must ready their military capabilities for new missions. At the April 1999 summit, the allies adopted a Defense Capabilities



Members of the NATO-led Kosovo Force man a control post in Kosovo as part of a United Nations peace operation.

Russian cooperation that is evident in Russian President Vladimir Putin's apparently new attitude of acquiescence to NATO enlargement and the spring 2002 agreement to set up a new NATO-Russia forum that would allow for extensive consultations and possible joint decisionmaking. Moscow has also agreed to get NATO's help in restructuring its armed forces, a move long resisted by Russia's conservative defense establishment, but an area where NATO has much to offer, as it has with other former Soviet bloc states. Russia and NATO could usefully cooperate on civil defense, special forces training, collaborative armaments programs, missile defense, peacekeeping, and NATO-Russia joint military exercises. In the wake of September 11, the prospect that Russia could feel that it is part of the West—rather than threatened by it—is an opportunity not to be missed.

Finally, NATO must develop its capacity to deal with terrorism despite

COURTESY NATO Initiative to improve allied forces' deployability, mobility, sustainability, survivability, and effectiveness. They identified some 58 areas in which to fill specific gaps in allied capabilities. But the initiative has never had political visibility, and few of its goals have been fulfilled. At Prague, European allies should pare this list to some 3–5 critical categories—perhaps precision-guided munitions, airlift, secure communications, and in-air refueling—and commit to fulfilling their goals. Not only do the European allies need to improve their capabilities to join effectively with the United States in the antiterrorism campaign, but also the EU weapons-development process needs to be coordinated with NATO's. Otherwise the current interoperability headaches will only get worse. Europeans have had legitimate complaints about not being fully involved in the first stages of the military operations in Afghanistan, but the problem will grow far more intractable if American and European military capabilities continue to diverge.

Third, NATO should continue to enlarge its membership, both to develop strong allies capable of contributing to common goals and to consolidate the integration of Central and Eastern Europe. Just how many new members should be accepted in Prague will depend in part on how successfully candidates sustain their political, economic, and military reforms until the summit, but at a minimum NATO should accept all candidates that have demonstrated that they are stable democracies committed to the values of other NATO members. The new relationship between Russia and the West stemming in part from the common battle against terrorism should help ensure that NATO expansion, even to the Baltic states, does not undermine relations with Russia.

Fourth, NATO should build on recent progress in NATO-

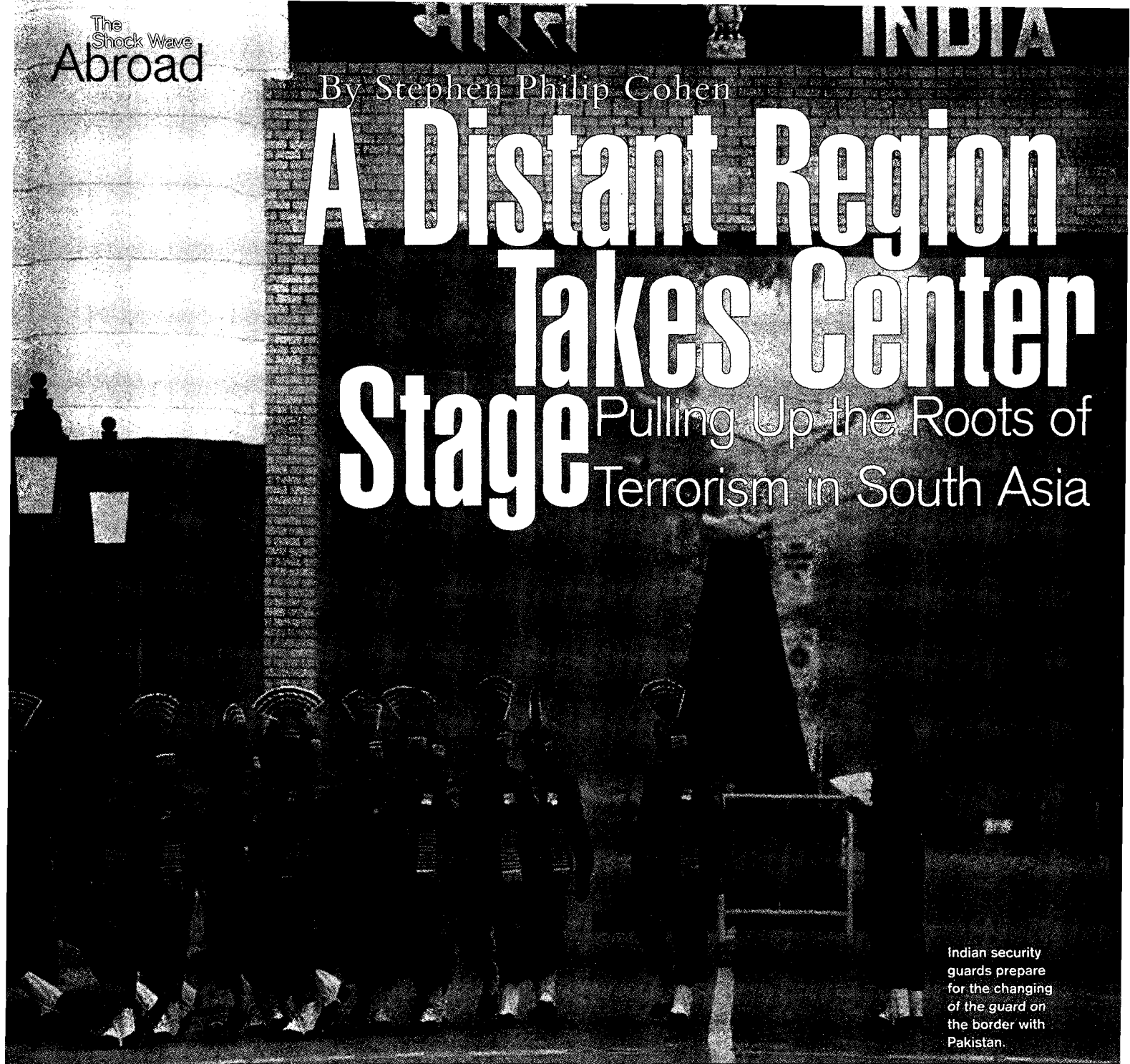
resistance from European allies who worry about giving the alliance too great a "global" or "political" role. The part NATO can and should play in this area is strictly limited—issues of law enforcement, immigration, financial control, and domestic intelligence are all well beyond NATO's areas of competence and should be handled between the United States and the European Union. Still, NATO allies can and should share information about nuclear, biological, and chemical weapons and ballistic missile programs; develop civil defense and consequence-management planning; develop theater missile defenses; and better coordinate various member-state special forces, whose role in the antiterrorism campaign will be critical. The alliance should even consider a new Force Projection Command that would be responsible for planning out-of-area operations. During the Cold War, few could have imagined the need for American and European special forces to travel halfway around the world and execute coordinated attacks, but today that need is very real. Although NATO was not used for the military response to the September attack on the United States, it is not hard to imagine a cataclysmic terrorist attack on a European city for which a NATO response would be appropriate.

Even with all the right reforms, NATO will probably not again become the central defense organization it was during the Cold War or even during the Balkan wars of the 1990s. But it remains an essential tool with which the United States and its key allies can coordinate their militaries, promote the unification of Europe, maintain peace in the Balkans, and quite possibly fight major military operations anywhere in the world. The Prague summit should be used to revitalize and adapt a still-essential organization, not to announce its demise. ■

By Stephen Philip Cohen

A Distant Region Takes Center Stage

Pulling Up the Roots of Terrorism in South Asia



Indian security guards prepare for the changing of the guard on the border with Pakistan.

Once Washington had established the linkage between the attacks of September 11 and Afghanistan, it confronted a cascading series of tasks in South Asia, each generating more and more demands on American military and diplomatic resources. To strike back at al Qaeda, which had sent the hijackers on their deadly mission, the United States had to confront the

Taliban. Any action against al Qaeda or the Taliban required the assistance of Pakistan, inevitably entangling the United States in the complex India-Pakistan dispute. Nearly a year after the terrorist attacks, some of the original American objectives in South Asia have been achieved, some remain in doubt, and new problems have arisen, challenging a wide range of American political and strategic interests.

Afghanistan:

Total War in a Small Place

Afghanistan had no formal relations with Washington, and the Taliban government not only tolerated al Qaeda but was militarily and financially dependent on it. After one last effort to split the Taliban from its "guest" terrorists, the Bush administration launched a concerted war against both al Qaeda and the Taliban regime.

Washington had two urgent aims. The first was an all-out war against al

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ARIF ALI/AFR PHOTO

Qaeda, one aimed at obliterating it as an organization and killing, capturing, and punishing its top leadership and as many of its cadres as could be located. The Bush administration invoked the language of total war against an implacable and unscrupulous enemy, and the war against al Qaeda escalated to a war against "international terrorism." The term international terrorism was originally defined as terrorism directed against the United States, but ultimately included any group that America identified as "terrorist," though no precise definition of terrorism has yet been offered.

This phase of the war appears to have gone well. Although no reliable figures exist either on casualties or on the total number of al Qaeda fighters, the organization's effectiveness in Afghanistan has been reduced to guerrilla operations. Although the United States gathered considerable information about al Qaeda's global operations, only a few of the top leaders have been captured or killed, and the overall organization may be able to mount large-scale terrorist attacks.

The war brought some military innovations, the most impressive of which seems to be the skillful combination of special forces and precision-guided munitions delivered by long-range bombers flying from the United States and aircraft based in nearby countries (including Pakistan). American forces also worked closely with Afghan irregulars in search-and-destroy missions. No independent cost-benefit analysis of the war's tactics exists, however, and in the case of joint U.S.-Afghan operations, on several occasions Afghan forces either melted away or provided misinformation.

The way the war was fought ensured that few Americans and few allies would be killed, a strategy that has led to sharp criticism in Pakistan and elsewhere. Americans are judged to be fighting an aloof, high-technology war, wounding and killing hundreds if not thousands of Afghans while taking few losses themselves. This perception could yet haunt the United States, still viewed in much of the non-Western world as a soft country.

Regarding the Taliban and Afghanistan, American goals were more limited. The Taliban was to be removed from power and replaced with a regime that would no longer allow Afghan territory to be used by terrorist groups. The Taliban's demise was to serve as a lesson to other countries that might harbor terrorist groups, and Afghanistan itself was to be turned into a "normal" state, with a moderate, representative government.

Unsurprisingly, given Afghanistan's war-torn society, achieving this goal has been problematic.

From the first days the interim government assumed office, its weakness was evident—not only from the near-absence of government and administrative capabilities, but also from the presence of powerful "warlords" in many provinces and the remnants of al Qaeda and the Taliban, who pose a security threat within Afghanistan. Although the United Nations, Afghanistan's interim government itself, and others called for U.S. assistance, only in late March did Washington conclude that Afghanistan could not build a state without addressing the security problem. American Special Forces were assigned the task of training Afghan military units, but no significant security infrastructure is on the drawing boards.

Further hindering the interim government's authority is Washington's unwillingness to allow the International Security Assistance Force to operate beyond Kabul. Despite the willingness of several nations to provide troops for the international force, Washington will not provide backup, and it is evident that the Pentagon does not want to become tied down in Afghanistan any longer than necessary.

The U.S. footdragging could imperil the interim government headed by Mohammed Karzai and whatever successor government follows it. A Loya Jirga, or tribal council, will convene in mid-June to approve writing a new constitution and developing procedures to select a permanent government, but its work will not be done until December 2003. Until then Afghanistan will be particularly vulnerable, and it must have enough military muscle to contain the



truculent warlords, who are already making side-deals with various relief and reconstruction agencies. Without its own security force—or increased international military support—the Kabul government could lose its credibility, and Afghanistan could once again fall under the influence of outside powers and forces, including remnants of al Qaeda and the Taliban.

Pakistan

Islamabad was a major supporter of the Taliban and of terrorists operating in Kashmir, both of which groups it regarded as freedom fighters. The Afghan and Kashmir terrorist operations strengthened domestic Islamic radicals, who were visibly and publicly defiant of Islamabad, even after the military coup



A Pakistani border security guard (right) and his Indian counterpart (left) close their respective gates on the Indian-Pakistani border.

that brought General Pervez Musharraf to power as president of Pakistan in 1999. Before September 11 Washington's chief interest in Pakistan was to criticize its nuclear program and its military adventurism and support for the Taliban.

Recognizing that Islamabad's cooperation would be vital to any operation in Afghanistan, the Bush administration turned to Pakistan within a day of the attacks, offering both carrots and sticks.

Washington made numerous demands of Islamabad, including military and intelligence cooperation, terminating the flow of volunteers and fuel supplies to Afghanistan, and support for removing the Taliban. It also asked Pakistan to publicly condemn the attacks and curb all domestic expressions of support for terrorism.

President Musharraf agreed to these requests immediately. He had little choice: on the verge of bankruptcy, Pakistan was vulnerable to American economic pressure, and India had already offered to help the United States. The warm India-U.S. relationship had little impact on the war in Afghanistan but did give the United States tremendous leverage over Pakistan, because it made credible the implicit threat that if Pakistan did not cooperate with Washington, then the United States might side with India against Pakistan on the Kashmir and other issues.

Under Musharraf's leadership, Pakistan provided a big boost to the war effort. Pakistan's territory was used by American and allied forces, and Musharraf retired or transferred many of the

hard-line military officers who were the Taliban's strongest supporters. Musharraf summarized Pakistan's new, liberal policies in a dramatic speech to the Pakistani people on January 12. If he were to implement even a few of his stated goals, then it could be said that Pakistan had turned a corner and was no longer a failing state.

In return for Pakistan's cooperation, Washington quickly lifted nuclear sanctions, suspended the "democracy" sanctions imposed after the 1999 coup, and put together a package of nearly \$1 billion in debt relief. But the administration was unable to persuade Congress to increase Pakistan's textile quota substantially, and resentment simmered in Islamabad over Washington's inability to help Pakistan's leading export industry

ARIF ALI/AFIP PHOTO

and also over what it saw as the Bush administration's desire to keep Pakistan on a short tether.

The United States and Pakistan now have a limited strategic partnership, but each remains wary of the other. Pakistan hoped that Washington would become more active on the Kashmir dispute, but America was in no mood to endanger its new relationship with New Delhi. Islamabad denied Washington's request for permission to pursue Taliban and al Qaeda forces operating on the Afghanistan-Pakistan border.

Despite his florid rhetoric, Musharraf is unwilling (or unable) to crack down on Pakistan's home-grown Islamic radicals. Several Pakistani extremists were released from jail, others are no longer under house arrest, and the highly publicized murders of Americans and foreigners reveals how little control Musharraf's government has over radical elements in Pakistan.

To Washington's frustration, Pakistan remains fixated on Kashmir, a dispute in which American officials have been unwilling to play a more active role. Nor has the United States done more than offer polite criticism of a recent massive Indian military buildup, which, some evidence suggests, it regards as an additional way of applying pressure on Islamabad.

Although support for Musharraf may be tepid in Washington, it is weaker still in Pakistan. Musharraf has tried to walk the narrow line between Islamic radicals and moderates, but he lacks charisma, popular support, and an efficient civilian institutional structure. His power base is in the army, but a series of large-scale public protests could make him quite dispensable as far as his colleagues are concerned.

A critical test of the new U.S.-Pakistan relationship could come in October, when Pakistan is scheduled to hold its first national election in many years. Will Washington endorse the results of a rigged or mismanaged election? Will American relations with Pakistan be determined largely by that country's willingness to support the war on terrorism? The most difficult situation for the United States would be one in which Pakistan's cooperation in

rounding up terrorists and political extremists was balanced by renewed meddling in Afghanistan or blatant support for violent forces in Kashmir and India.

The Indian Connection

India has been the regional "sore winner." Although it took no joy in seeing America restore its relationship with Pakistan after the September 11 attacks, the renewed link ultimately turned to New Delhi's advantage. Indian leaders looked on with concern as the United States came to Islamabad's rescue with large loans and the removal of sanctions, but India benefited because Washington lifted similar sanctions on India. The United States also exerted heavy pressure on Islamabad to cease its support for cross-border movement from Pakistan to Kashmir and pressed Islamabad to crack down on Islamic radicals—many of whom were targeting India. Further, Indian-American military cooperation increased dramatically, and Washington accelerated the pace of rapprochement between the two once-estranged democracies. India and the United States also revived earlier plans for closer defense cooperation, and big U.S. military sales to India may be in the offing.

During the last months of 2001, India was directly affected by terrorism, most sensationally by a December 12 attack on the Indian parliament. Soon thereafter India announced a total military mobilization, and for several months the India-Pakistan border was in crisis. Washington urged calm and restraint, but may have been secretly pleased at the added pressure on Pakistan. India was practicing a form of diplomatic compellence, threatening a wider war to get Pakistan to end its support for cross-border terrorism and to return 20 individuals to India, where they were wanted on various charges.

Lessons

The way in which the "war on terrorism" has been fought in South Asia offers several important lessons.

In an era of globalization, any region can suddenly become salient to American interests. Afghanistan and Pakistan

had been dismissed by American policymakers as irrelevant, yet they took center stage in 2001–02. Washington will have to remain engaged in both countries to ensure that they will not again become central components of a global terrorist movement targeting the United States.

Defining the "war on terrorism" as a total war created several diplomatic and political problems. States that had their own terrorist problems, such as India, demanded American support, and states whose cooperation was necessary to fight al Qaeda and the Taliban, such as Pakistan and Saudi Arabia, were described as close "allies" in the war, despite problematic past and present behavior regarding terrorist groups.

America has had to judge the transgressions of two friends, India and Pakistan, as each accuses the other of supporting terrorism, building up armies along their frontier, or issuing provocative nuclear threats. Will this role of friendly interlocutor continue? Washington has to determine its long-term regional role: will it be an umpire between the two states, calling the shots as it sees them, will it side with one or the other, or will it again retreat from South Asia? The attacks of September 11 came before a review of regional policy could be completed. That review should be undertaken now and should take into account the heightened importance of terrorism, but not ignore other regional concerns such as proliferation and strategic cooperation.

Finally, Washington must reassess its studied disinterest in "nation building" in South Asia. Both Afghanistan and Pakistan suffer acute domestic problems that could easily lead to the growth of extremist Islamic movements. Their problems are different—Afghanistan lacks the most fundamental state institutions, especially an army, whereas Pakistan's state institutions are in gross imbalance and its army too powerful. The remedies for each state will have to be different, but if Washington ignores their domestic political orders now, the cost, as the American ambassador to Pakistan remarked recently, could be measured in American lives in years to come. ■

September 11 and Northeast Asia

Change and Uncertainty in Regional Security

By Bates Gill

Although the post-September 11 U.S. counterterrorism effort has not directly involved Northeast Asia, key players in the region have nevertheless felt its effects in ways that will have significant long-term security implications for their relations with the United States. In the aftermath of the September 11 attacks, U.S. security relationships with Japan, China, and North Korea continue to change in important ways. Though the three countries are somewhat peripheral to the core counterterrorism campaign in Central and Southwest Asia, Washington will need to manage its relations with Tokyo, Beijing, and Pyongyang carefully to keep them from diminishing or diverting its attention from the global war on terror.

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North Korean soldiers watch a South Korean soldier along the Korean border.

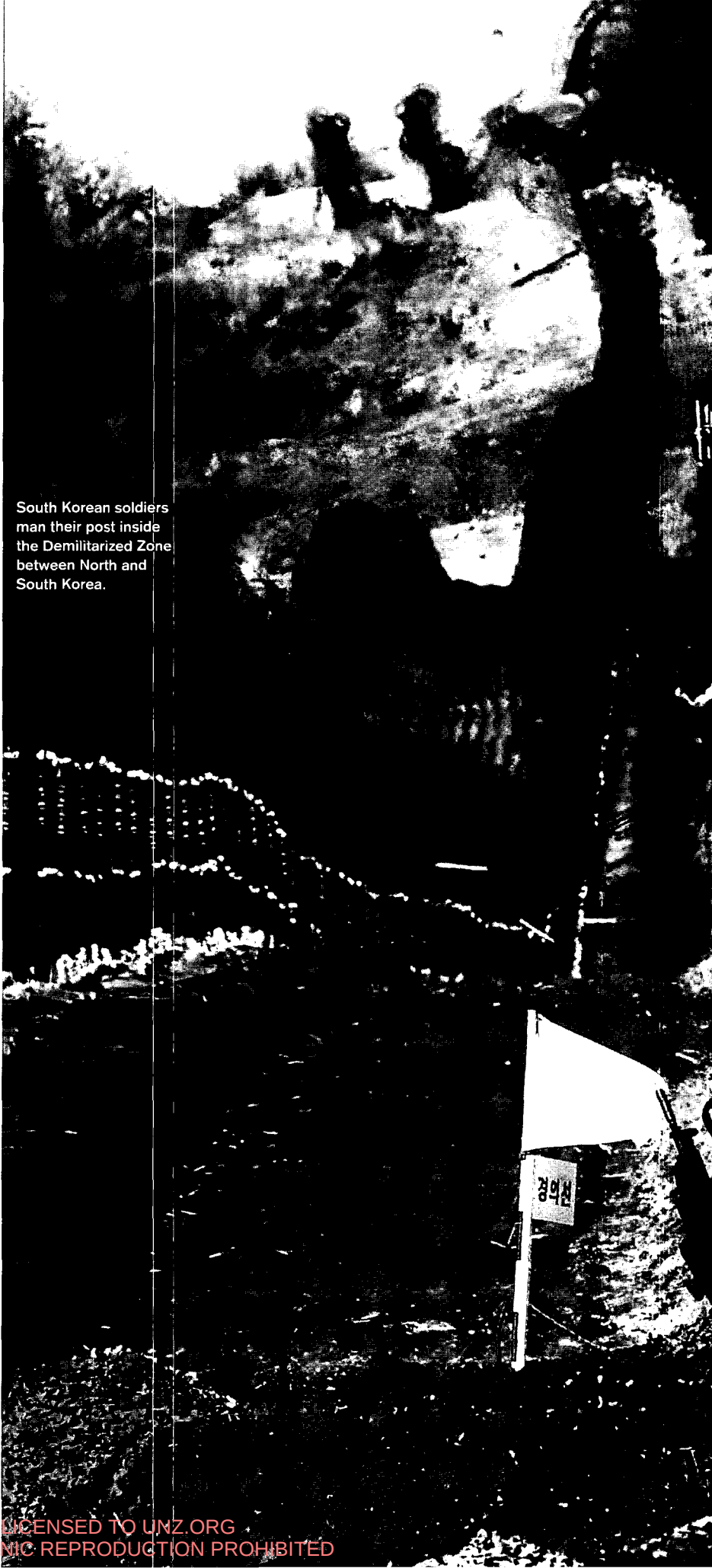
KIM JAE HWAN/AFP PHOTO

Japan's Changing Role

One of the most closely watched post-September 11 development for Northeast Asian security was the Japanese response to American calls for help. Japan took dramatic steps to allow for the use of its defense forces far from Japanese shores in a noncombat, combat-support role side-by-side with the United States and other allies. The debate over Japan as a "normal country" and the reinterpretation of its peace constitution was already under way well before September 11. Many mainstream politicians, including Prime Minister Koizumi Junichiro himself, were on record as supporting a more robust security role for the Japanese Self-Defense Forces. And yet a pervasive aversion to matters military constrained concrete action in the security realm for Japan.

Following September 11, however, Tokyo sought a greater role for Japan in the counterterror effort. Immediately following the attacks, the Japanese prime minister ordered tightened security at U.S. bases in Japan and provided new aid to Pakistan to alleviate the refugee crisis brewing there. Koizumi was among the first world leaders to visit Washington and consult with U.S. counterparts about a joint response. In mid-October, the Japanese Diet launched a debate over how Japan should assist the counterterror campaign within the parameters of the peace constitution. Supporters of a more robust Japanese role pointed to the unanimous United Nations Security Council Resolution 1368, adopted the day after the attacks on New York and Washington, urging the international community "to take all necessary steps to respond to the terrorist attacks of 11 September 2001." The broad backing of the international community made it easier for the Self-Defense Forces to take on a noncombat role in support of the counterterror effort. To alleviate possible tensions in the region, Koizumi visited China and South Korea in the fall to explain his vision for Japan's security role in the crisis and to issue new apologies for Japan's aggression in the first half of the 20th century.

In the end, Japan avoided a divisive debate over interpretation of the constitution, and Koizumi pushed ahead in the Diet to pass a counterterrorism law in October. The measure allows the Japanese Maritime Self-Defense Force to provide logistics, supply, transportation, and communication assistance to U.S.-led forces, but requires Japanese vessels



South Korean soldiers man their post inside the Demilitarized Zone between North and South Korea.



EMANUEL DUNAND/AFP PHOTO

to operate only in noncombat areas. The plan, launched in November, foresees the use of up to six destroyers along with four C-130 Hercules transport planes, with an extension and expansion of Japan's role possible depending on the situation. Self-Defense Force personnel would be allowed to operate on the British island of Diego Garcia in the Indian Ocean, on the Hawaiian island of Oahu, and on Guam. From these locales, Japanese Self-Defense Forces would ferry supplies, food, and fuel to the counterterrorism forces. Japanese military personnel would also take up more logistical duties for American bases in Japan so that U.S. ships and planes could be deployed to combat areas around Afghanistan.

However, while important symbolically, as well as in making a useful logistical contribution, Japan's deployments are in many ways the exception that proves the rule. The Japanese military aircraft and naval vessels are kept many hundreds of miles out of harm's way, though neither the Taliban nor al Qaeda have air forces or navies. Indeed, a more robust deployment of Japanese Aegis-equipped destroyers was prevented by opposition Diet members in Tokyo. But whether one sees Japan's expanded military role as a glass half-empty or half-full, it underscores the difficulty Washington will have in encouraging a more active Japanese security contribution to regional stability in all but the most direct threats to Japan in Northeast Asia.

On the other hand, Japan is active on nonmilitary matters relating to postwar Afghanistan as well. Consistent with its peace constitution and its status as the world's largest donor of development aid, Japan agreed to join the United States as co-chair of the November 2001 Washington assembly of the Senior Officials Meeting on Reconstruction Assistance to Afghanistan. At the meeting, which included South Korea, Turkey, Germany, Australia, China, and India, among others, Japan agreed to host the first ministerial-level meeting on postwar reconstruction assistance to Afghanistan in Tokyo last January. As the single largest donor of development aid to Central Asian states for many years, Japan is poised to expand its nonmilitary role in regional affairs.

China's Uncertain Position

China's role in the post-September 11 security environment has been largely positive and forward-looking, but within limits. The United States and China have viewed each other more favorably since September 11, but the gains remain fragile and tentative. China backed the relevant UN Security Council resolutions for the use of force against terrorism by the United States, sent a delegation of counterterror and intelligence experts to consult with counterparts in Washington, beefed up secu-

rity along its border with Afghanistan to keep Taliban and al Qaeda supporters from slipping into China, and took steps to freeze assets associated with terrorist organizations that may have been sitting in Chinese and Hong Kong banks. Further limited U.S. cooperation with Beijing has mostly involved continued diplomatic and political support among China's friends both in Central and South Asia and on the international scene—and possibly intelligence sharing.

China has its own interests in fostering this cooperative approach with the United States. Beijing rarely wants to be on the "wrong side" of international opinion and certainly recognizes this opportunity to build a more constructive and positive relationship with Washington. Of course, China has its own problems dealing with radicalized separatists in the Turkic-speaking regions of its far northwest province of Xinjiang, where Islamic fundamentalism is making inroads. According to Vice-Premier and foreign policy éminence grise Qian Qichen, some 1,000 Chinese Muslims had been trained in Afghani camps run by Osama bin Laden's al Qaeda network. China also shares an interest with the United States in assuring the stability of Central and South Asia, especially Pakistan, a quasi-ally that Beijing has assisted in becoming a nuclear weapons state armed with ballistic missiles. China will bear an enormous responsibility if these weapons fall into the wrong hands. China also has a big stake in the right outcome in Afghanistan—a country with which it shares a border—and in restive Central Asia overall.

But China's reactions to September 11 have not all been so straightforward. Many aspects of the American-led effort to combat terrorism are precisely those that have increasingly troubled China about its security situation vis-à-vis the United States in recent years. Indeed, in some ways the antiterror campaign may make Beijing even more anxious. For example, Beijing can only watch with some concern as the United States revitalizes and strengthens its alliances with Japan and Australia to deal with terrorists and the states that give them safe haven. The counterterrorism effort will also justify renewed defense ties between Washington on the one hand and Manila, Singapore, Kuala Lumpur, and Jakarta on the other, especially the Philippines, where Washington has posted some 600 military personnel in a counterterror effort. A growing U.S. military presence in Central Asia may reverse years of meticulous Chinese diplomatic effort to extend its influence in this region. And a U.S. move to expand the counterterror effort by intervening militarily in other states such as Iraq would likely meet increasing criticism from China, a traditional defender of sovereignty in the developing world.

Changing U.S.-Russia relations since September 11 may also present some challenges to Chinese foreign policy. Over the past decade, China had assiduously courted its northern neighbor and instituted a regularized channel of Moscow-Beijing summitry. Step-by-step, China had worked to institutionalize and strengthen relations with Moscow: settling and demilitarizing borders, fashioning a "strategic partnership," establishing the Shanghai Cooperation Organization, and concluding a bilateral "Treaty of Good Neighborly Friendship and Cooperation" signed in July 2001. China saw in its warming relationship with Moscow an opportunity to counterbalance its concerns over growing American power and unilateralism and a partner with which to rail against such issues as U.S. missile defense plans. But since September 11, Putin appears to have firmly linked his country's future to the fortunes of its relations with the West generally and with the United States in particular. Beijing risks being left behind in the counterterror effort, while the United States and Russia move in pragmatic and concrete ways to deal with terrorist problems.

North Korea's Precarious Dilemma

September 11 had a particularly strong effect on U.S.-North Korean relations. Following an important policy review in the spring of 2001, the Bush administration announced its openness to a comprehensive and mutually beneficial dialogue with North Korea, "anytime, anyplace." But the administration seemed unlikely to consider a dialogue without the prospects for concrete concessions on North Korea's part—inspection regimes, verifiable arms reductions and arms control agreements, and results-based reconciliation talks between Pyongyang and Seoul. In short, the Bush administration appeared prepared to wait for Pyongyang to make the first move.

The events of September 11 prompted Washington to push North Korea a little harder. Early in 2002 the U.S.-North Korean dynamic shifted—as signaled most clearly by President Bush when, in his State of the Union address in January, he included North Korea in the "axis of evil." While criticized by some for its harshness, the assertion highlighted how seriously the administration takes the possibility that states that sponsor terror and pursue weapons of mass destruction might purposely or inadvertently enable terrorist organizations to develop such weapons and use them against the United States. Though reports from the U.S. government acknowledge that Pyongyang's links to terrorism have faded in recent years, nevertheless, the Bush administration was sending a warning.

Following closely on the heels of that speech, leaks of the new U.S. Nuclear Posture Review pointed to a more clearly defined set of considerations for the use of nuclear weapons against states believed to have weapons of mass destruction—states such as North Korea. Then, in March, the Bush administration announced it would not certify North Korea's compliance with the 1994 U.S.-North Korea Agreed Framework, which governs Pyongyang's continuing status as a nonnuclear weapons state. The U.S. move grew out of concerns that North Korea may have hidden some nuclear materials from

inspectors before the verification measures of Agreed Framework were fully implemented, that Pyongyang was not allowing special inspections of its nuclear facilities to take place in a timely manner, and that little had been done by the North to meet its Agreed Framework obligation to implement a denuclearization accord it had reached with Seoul in 1992.

Going into the spring of 2002, some of the mounting pressure on Pyongyang appeared to be paying off. Official North-South discussions had resumed for the first time in six months, some Pyongyang political leaders spoke of economic reforms, and there were rumblings that North Korea was seeking to reopen dialogue with Washington. But with Washington so seriously targeting terrorism and weapons of mass destruction, the United States would be unlikely to take North Korea at its word without more concrete evidence of real change. Pyongyang may be tempted to threaten a return to nuclear and missile blackmail if it does not get the attention and inducements it wants from Washington. If the past is any guide, fruitful discussions with Pyongyang would be difficult under any circumstances. In the post-September 11 environment, the two sides' positions might be all the more hardened.

U.S. Policy in the Region

Though perhaps peripheral to the core counterterrorism campaign, developments in these three countries could appreciably help or hinder that effort. Washington will need to keep its Japanese ally informed about the future direction of the counterterrorism campaign so it faces no "surprises." Japan's unwavering support for U.S. military action cannot be taken for granted. Like other allies, Japan will likely take a very cautious attitude toward any dramatic expansion of U.S. force against other countries, such as Iraq. Yet for the longer-term success of the war on terrorism and the health of the U.S.-Japan alliance, Washington should work hard to retain strong Japanese support.

The Bush administration should continue to build a reservoir of trust with Beijing—small as it may be—as partners facing the common challenge of terrorist activity in Asia. China's relations with several key states in the region, such as Pakistan and Iran, are better established than Washington's and can be leveraged in favor of U.S. interests if managed correctly. At a minimum, Washington needs to work with Beijing to bolster China's commitment to keep weapons of mass destruction out of the wrong hands, especially hands to which China is known to transfer sensitive technologies, such as North Korea, Pakistan, and Iran. Washington should offer appropriate reassurances about its plans in Central, South, and Southwest Asia to keep Beijing from getting the mistaken impression that such activities in its own "backyard" are ultimately aimed at China.

Finally, Pyongyang cannot be allowed to distract American attention away from the global counterterror effort by instigating a crisis of its own. Strengthening the trilateral consultative mechanism among Washington, Seoul, and Tokyo vis-à-vis Pyongyang, while also harmonizing policies with Beijing and Moscow, will present the North with the kind of "united front" it will have difficulty challenging. ■

The horror of last September has awakened Americans to a startling revelation: many people in the Arab and Muslim world are resentful of the United States and suspicious of its intentions, and most harbor negative images of American culture and policies. As U.S. policymakers and nongovernmental organizations begin to address ways to narrow the gap in the way Muslims and Americans perceive world events, there are important points to recognize in the design of an effective program of public diplomacy toward the Middle East and the Muslim world more broadly.

The primary source of the widespread Arab and Muslim resentment and anger toward the United States that is consistently found by recent public opinion surveys in the region is not, it should be said, American values—it is U.S. policy, particularly toward the Israeli-Palestinian conflict. Although the United States cannot change its foreign policies solely on the basis of public attitudes abroad, the costs of our actions must be understood and factored into the policy assessment. The United States should also find a way to counter its negative image among Arabs and Muslims and to explain its policies to the people of the region.

As they shoulder this task, U.S. leaders should keep in mind several things. First, although negative attitudes toward the United States are unusually intense in the Arab and Muslim nations of the Middle East, similar attitudes prevail in other regions of the world, including Latin America, Asia, and even Western Europe.

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STEVE MCCracken

By Shibley Telhami

U.S. Policy and the Arab and Muslim World The Need for Public Diplomacy

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Just as we live with our poor images in those regions, we can live with them in the Middle East—though we should do all we can to improve matters not just regionally, but globally. Second, not only are the Arabs and Muslims of the Middle East highly diverse peoples—culturally, politically, and even religiously—but also Arab and Muslim countries are experiencing deep and growing divisions between the voices of militancy and the voices of moderation, between advocates of tolerance and advocates of intolerance. U.S. policymakers should recognize both forms of diversity and focus on nurturing the voices of moderation in the Middle East, empowering them, and helping them wage their own battle for the hearts and minds of the people in the region.

The first lesson that every good salesman learns is that if you don't trust the messenger, you don't trust the message. In its efforts to dispel the hostility toward itself in the Middle East, the United States should choose carefully those who carry its message. We should make full use of all resources, not only those talented and dedicated Muslim and Arab Americans who have every interest in building bridges between the United States and the nations of the Middle East, but also the voices in the Middle East who are trusted and who share our views.

We should also work with the existing news media in the region and not simply put forth our own media outlets. An information revolution in the Middle East has spawned new, more independent and diverse media outlets, especially television, such as Qatar's al-Jazeera TV. While there is room for additional media outlets, including ones that project messages compatible with the aims of U.S. public diplomacy, we must understand why stations like al-Jazeera are successful today. The dozens of new regional media outlets now available to the public have deprived Middle Eastern governments of their monopoly on information. Any station that hopes to get a sizable market share of viewers

must take into account consumer demand. Those who understand what the public wants to see, and create programming that reflects consumer demand, are the ones that succeed. In large part, al-Jazeera's success springs from its ability to reflect public opinion, not to shape it. Any new television or radio outlet supported by the United States that does not take this reality into account would find its ability to compete in the region quite limited.

Those who carry the U.S. message into the Arab and Muslim states of the Middle East must also be aware that a primary source of regional frustration and anger toward the United States is a perceived lack of empathy by the United States toward their pain and hardship. Empathy is an issue that must transcend policy. Regardless of official U.S. policies toward the Israeli-Palestinian conflict, for example, U.S. messengers must project empathy for the almost unbearable pain that Palestinians have endured, just as they must project empathy with Israelis as they endure the unbearable pain of terrorist bombings. The United States is always conducting important humanitarian projects across the Arab and Muslim world. It should increase those projects, and its messengers should highlight and bring them to the attention of people in the region.

The tendency of many in the Middle East to be suspicious of U.S. policies and to jump to conspiracy theories about them springs in part from a broad cultural and political psychology that is almost impossible for the United States to alter in the short term. But one way to begin to counter that psychology is to try to dispel the widespread feeling that the United States takes the Middle East so much for granted that it does not even bother to explain to the people of the region why it does what it does. If we have careful and credible explanations for all our important policies, including those that are controversial in the region, we will at least complicate the work of the conspiracy theorists.

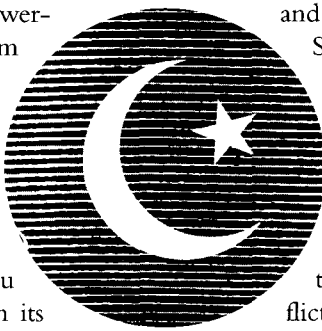
Although much of America's public

diplomacy will be carried out through specific agencies of government and through specific programs, the public utterances of the nation's highest public officials, especially at the White House and the State Department, have more power in shaping public images in the region than all our programs and the hundreds of millions of dollars we put behind them. A single word by the president or the secretary of state could outweigh months or years of efforts. U.S. policymakers understand this issue well in the conduct of domestic policy, where their statements are scrutinized by dedicated advisers whose role is to assure the projection of the right public image. With global stakes so high today, policymakers must be sure that their advisers take the same care with utterances that resonate abroad.

Narrowing the gap of perceptions between the Arab and Muslim states of the Middle East and the United States will be difficult. But it must be based on a dialogue with the region. The dialogue is important not only for the United States, in understanding the sources of resentment and anger, but also for Middle Eastern governments and elites, who must understand the United States and do their own part in bridging the gap. It is a two-way street.

One place to start is by encouraging more people-to-people contacts, educational exchanges, and media exchanges. Though such contacts are needed today more than ever, the attacks of September 11 have discouraged both Americans and people from the Middle East from participating. Centers of American studies could also be established in the major universities in the Middle East. Today so little is known about American culture and politics, even in those universities, that conspiracy theories can prevail without answer.

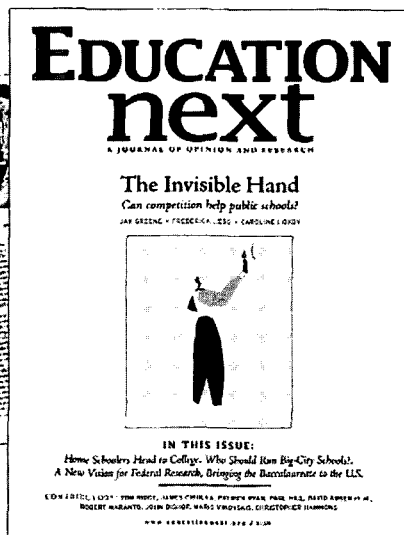
Although the perception gap between the United States and Arab and Muslim states is too wide to be bridged altogether, it can and must be reduced. If it is allowed to remain too wide—if the anger is allowed to grow too deep—enemies of American interests will exploit it. In the era of globalization, the costs are too high. We cannot afford not to try. ■



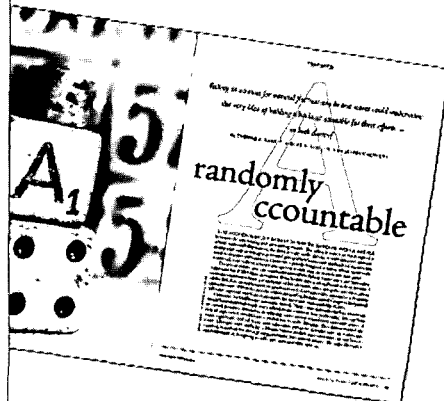
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